NSF-ISR, LTD
SURVEILLANCE AUDIT REPORT

January 3, 2007

A. Program Participant's Name: Michigan DNR **FRS #1: 5Y031**

B. Scope:

Land management on 3.9 million acres of Michigan State Forests (excluding long-term military lease lands) and related sustainable forestry activities under the 2005-2009 Edition of the Sustainable Forestry Initiative Standard.

☒ No Change
☐ Changed (revised scope statement also noted on FRS)

C. NSF Audit Team:

Lead Auditor: Mike Ferrucci Auditor: Dr. Robert Hrubes

D. Audit Date(s): October 24-27, 2006

E. Reference Documentation:

2005-2009 SFI Standard®
Michigan DNR Forest Certification Work Instructions, Date Revised: 02-07-06

F. Audit Results: Based on the results at this visit, the auditor concluded

☐ Acceptable with no nonconformances; or

☒ Acceptable with existing minor nonconformances that should be corrected before the next regularly scheduled surveillance visit;

☐ Not acceptable with one or two major nonconformances - corrective action required;

☐ Several major nonconformances - the certification may be canceled unless immediate action is taken

G. Changes to Operations or to the SFI Standard:

Are there any significant changes in operations, procedures, specifications, FRS, etc. from the previous visit? ☒ Yes ☐ No If yes, provide brief description of the changes:

- Continuing modest modifications to procedures, work instructions, protocols
- Completion of Draft Statewide Forest Plan (undergoing public review)

H. Other Issues Reviewed:

☒ Yes ☐ No Public report from previous audit(s) is posted on SFB web site.

☒ Yes ☐ No ☐ N.A. SFI and other relevant logos or labels are utilized correctly. If no, document on CAR forms.

I. Corrective Action Requests: (see also Appendix IV)

Corrective Action Requests issued this visit:

1. CAR SFI 2006-01: SFI Indicator 2.3.6 requires criteria for protection of soil productivity. The criteria for allowable ruts during timber harvesting activities are not clear.

2. CAR SFI 2006-02: SFI Indicator 3.1.1 involves the use of BMPs during all phases of management activities. There was insufficient evidence of a plan (timeline and resources) to address transportation system BMP issues.

☐ Corrective Action Plan is not required.

☒ Corrective Action Plan is required within sixty days of this visit (for Minor Nonconformances). CARs will be verified during the next Surveillance Audit.

☐ Corrective Action Plan is required within thirty days of this visit (for Major Nonconformances). The auditor will make arrangements to verify the corrective action has been effectively implemented. All major nonconformance(s) must be closed by the auditor prior to the next scheduled surveillance audit by a special verification visit or by desk review, if possible.

Any Corrective Action Plans should be mailed to:
Mike Ferrucci, 26 Commerce Drive, North Branford, CT 06471

At the conclusion of this Surveillance Audit visit, the following number of CARs remain open:

MAJOR(S): 0 MINOR(S): 2

In addition, four new Opportunities for Improvement (OFIs) were identified.

Appendices:

Appendix I: Surveillance Notification Letter and Audit Schedule
Appendix II: Corrective Action Requests
Appendix III: Attendance
Appendix IV: Public Surveillance Audit Report
Appendix V: Audit Matrix

APPENDIX I

Surveillance Notification Letter and Audit Schedule

Schedule – Surveillance Audit October 2006
Michigan DNR – Facility # 5Y031
Sustainable Forestry Initiative Standard (2005-2009)
Forest Stewardship Council – Lake States Regional Standard

Audit Team: Mike Ferrucci, SFI Lead Auditor; Robert Hrubes, FSC Lead Auditor

Schedule Overview (NOTE – ALL TIMES EASTERN)

Monday 10-23	**Tuesday 10-24**	**Wednesday 10- 25**	**Thursday 10-26**	**Friday 10-27**
Travel Day	*Crystal Falls FMU*	*Marquette OSC*	*Shingleton FMU*	*Escanaba FMU, at Stevenson Office*
Lodging (eve.): Days Inn – Iron Mountain, W8176 South US 2 – 774-2181	Holiday Inn – Marquette, 1951 US 41 West – 225-1351	Holiday Inn – Marquette, 1951 US 41 West – 225-1351	Days Inn – Escanaba, US 2, 41 & M-28 – 789-1200	*Travel Home*
Breakfast (optional)	*7:00 am*	*7:30 am*	*7:00 am*	*6:30 am*
Audit Activities	8 am – 5pm	8:30 am – 5 pm	8 am – 5pm	8 am – 3 pm

Daily schedule details

Tuesday 10-24 Opening Meeting & Crystal Falls FMU

The Opening Meeting will be held at Michigan DNR's Crystal Falls offices as follows:

8:00-8:30 Introductions & Opening Meeting
8:30-9:30 Overview of Crystal Falls FMU;
Office discussions and finalize field itinerary
9:30-5 Field Site Visits
5-5:15 Daily SFI/FSC Briefing at Crystal Falls office
5:15-6:30 Travel to Marquette

Wednesday 10-25 Marquette OSC

8:15 - 8:30 Auditors Arrive and Set Up
8:30 – 5 pm Schedule to be developed by Dennis Nezich in consultation with Robert Hrubes

Thursday 10-26 Shingleton FMU

8:00 - 8:15	Introductions and Purpose of Visit
8:15 – 9:30	Overview of Shingleton FMU; Office discussions and finalize field itinerary
9:30- 4:30	Field Site Visits
4:30-5:00	Daily SFI/FSC Briefing at Shingleton Office
5-6:30 pm	Travel to Escanaba

Friday 10-27 Escanaba FMU & Closing Meeting (all times Eastern)

The day will start and end at Michigan DNR's Stephenson offices as follows:

8:00 - 8:15	Introductions and Purpose of Visit
8:15 – 9:00	Overview of Escanaba FMU; audit discussions
9:00 –12:30	Field Site Visits
12:30-1:30	Auditors Prepare for Exit Briefing, Lunch
1:30 – 3 pm	Exit Briefing
3-4:15	Drive to Green Bay Airport
6:15	MF & RH: Departure: (GRB): October 27, 5:16 PM CDT (evening)

Telephone Conference – October 27th closing session -. rooms are reserved at Escanaba, Marquette, Newberry, Lansing, Cadillac, Roscommon for 12-3 p.m.

From: Mike Ferrucci [interforest@earthlink.net] Sent: Sat 10/7/2006 7:56 AM
To: 'Dennis Nezich'
Cc:
Subject: Audit maps and lists

Dennis

Thank you for the "Audit Participation Plan". It looks good to me – a nice cross-section of people to interview and interact with.

I'll be on the road until Monday October 9. I am going to be in that week, and it would be useful to have the maps before the end of the week.

Mike Ferrucci Office & Mobile: 203-887-9248 mferrucci@iforest.com

From: Dennis Nezich [mailto:nezichd@michigan.gov]
Sent: Wednesday, September 27, 2006 7:37 PM
To: Mike Ferrucci Cable home; Robert Hrubes
Cc: Lawrence Pedersen
Subject: Audit Participation Plan
Hi Mike and Robert,

I thought I'd share the attached plan with you. It indicates who is scheduled to be available to you during the October audit. Staff understand that you may decide to meet with or call others not included in the list, or not contact some that are on the list.

If you have any suggestions for revision, or need to discuss details, please don't hesitate to contact me.

Mike, I should have our FMU maps, compartment lists, and sale lists to you very soon. Sorry for the delay.

Thanks.

Site Selections:

Tuesday 10-24 Crystal Falls FMU

Robert Hrubes Southern Dickinson County Field Tour
C 87C 96 timber sales
OHV issues in vicinity
Compartment 86 – 2007 YOE planning discussion
Compartment 99 – timber theft discussion
Active Timber Harvest

Mike Ferrucci - Iron County Field Tour
C 115 2005 YOE Hardwood selection sales: 120800401, 120820401; possibly the uncut sale also
C 190- 120660501 Aspen Final Harvest
C 189- 120690501 Aspen Salvage - This sale may be active during the audit. 65% cut.
C 188 Bates Lake proposed SCA; temporary bridge; salvage sale.
Culvert and Road Issues
FTP Wildlife Openings, or White Pine Underburn

Thursday 10-26 Shingleton FMU

C125 Section 5 Conifers – should be active
C125 DW Red Pine – recently finished
C118 Sharp-tail management; hydrology;
C 183 of interest because of road maintenance issues (too far in to sale)
C 179 active sale suggested by MDNR Unit Forester
C 174 clay soils, moraines, hardwood management, lots of sales

Friday 10-27 Escanaba FMU & Closing Meeting (all times Eastern)

C 8 DeTemple Road Project Demene Creek Portable Bridge Trolls Beginning Timber Sale 33-33-05-01, Olsen Bridge—ORV illegal use control, Cedar River Campground Aspen Management

APPENDIX II

Corrective Action Requests

Corrective and Preventive Action Request (CAR)

Company/Location: Michigan DNR	Date: October 27, 2006 FRS # 5Y031
Auditor: Mike Ferrucci	CAR Number: SFI-2006-01
Location of Finding: Upper Peninsula	Previous CAR Number/Date: NA
Discussed with: Mike Paluda, Dennis Nezich	Nonconformance Type (underline): Major **Minor**

AUDITOR FINDING: Standard Number and Clause: 2005-2009 SFIS Indicator 2.3.6: Criteria that address harvesting and site preparation to protect soil productivity.

Description: The criteria for allowable ruts are not clear.

If necessary, please attach a separate report addressing the following three items:

1) ROOT CAUSE ANALYSIS BY COMPANY– Include potential causes & assurance problem does not exist in other areas.

Draft rutting specs (see attached) in line with those used in Minnesota and Wisconsin were drafted earlier this year for inclusion into an updated version of our BMP manual; however, the completion, approval and dissemination of the manual will not occur until 2007 because it was held up while our lead person was unavailable to the project

2) CORRECTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.

With the return of the lead on the BMP manual this Fall, we are moving forward with the reviews of a draft of the manual and anticipate it being disseminated this spring, including training by land management personnel on rutting and other concerns incorporated in the manual. In addition, new rutting specifications will be incorporated into State of Michigan timber sale contracts.

3) PREVENTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.

Criteria for rutting will be incorporated in the updated BMP (draft attached); even if these are modified in the course of internal and external reviews of the updated bmp manual, final criteria will be approved and staff will be trained on them by spring and then again through audit training in the summer and/or early fall.

AUDITOR REVIEW OF COMPANY'S PLAN:

The corrective and preventive actions described above are appropriate. Plan approved; implementation to be reviewed fall 2007.

STATUS: Open AUDITOR/DATE: Mike Ferrucci December 22, 2006

AUDITOR REVIEW OF COMPANY'S COMPLETED ACTION:

STATUS: _____ AUDITOR/DATE: _____

STATUS LEGEND: OPEN = CA Plan Accepted **CLOSED** = CA implemented, verified & accepted **REJECTED** = C/A Plan or Implementation rejected

DRAFT RUTTING ATTACHMENT - CAR Number: SFI-2006-01

Rutting occurs when soil strength is not sufficient to support the applied load from vehicle traffic (see Figure 14). Rutting affects aesthetics, biology, hydrology, site productivity and vehicle safety. Where channelized flow to an open water body occurs, rutting can result in contributing sediment into an open water body. While not always a water quality issue, rutting is certainly a sign that ongoing forest operations need to be modified to prevent further damage to soil and forest management resources. Table 5 provides guidelines as to what is excessive rutting under varying conditions, operational requirements, and under what conditions is site remediation called for, and for when it is best to just leave the ruts as they are at present.

Figure 1. Haul Road Rutting Damage

Location	Soil disturbance is Excessive if:	Immediate Action	Restoration
Anywhere	A gully or rut of any depth channelizing flow to an open water body, (i.e. stream, lake or open water wetland)	Stop operations. Assess the situation. Install silt fence at appropriate intervals (depending on length of gully or rut) or deposit slash in the gully or rut to prevent further movement of sediment.	After anti-erosion materials are installed, repair gullies and ruts. Disk and plow gullies and ruts. Seed and mulch per prescribed seeding mixtures. Silt fence should be left in place until grass is firmly established.
Roads and Landings	• In a riparian management zone (RMZ) or wetland, a gully or rut is 6 inches deep and 25 feet long. • In an upland area (outside of RMZ), a gully or rut is 12 inches deep and 50 feet long.	Stop equipment use. Install silt fence or slash in gullies or ruts to prevent further erosion.	Where water quality will not be affected, remediation may not be necessary. Land manager must review site conditions and determine if site remediation would cause more damage to soil resources and site productivity than leaving ruts as they are. If a rutted road must be used to move forest products, the land manager should consider the application of stone 1-3 inches in diameter within rutted areas to prevent further rutting. The land manager should also consider if vehicle safety is an issue as the result of ruts in a forest road.
Skid trails and harvest areas	Gully or rut is 12 inches deep and 50 feet long.	Stop Operations.	Stop operations until conditions improve. No restoration is if such action may cause more damage to site.

Corrective and Preventive Action Request (CAR)

Company/Location: Michigan DNR	Date: October 27, 2006 FRS # 5Y031
Auditor: Mike Ferrucci	CAR Number: SFI-2006-02
Location of Finding: Upper Peninsula	Previous CAR Number/Date: NA
Discussed with: Mike Paluda, Dennis Nezich	Nonconformance Type (underline): Major **Minor**

AUDITOR FINDING: Standard Number and Clause: 2005-2009 SFIS Indicator 3.1: Program to implement state or provincial equivalent BMPs during all phases of management activities.

Description: There was insufficient evidence of a plan (timeline and resources) to address transportation system BMP issues (see Michigan Water Forest Practices page 25, section 3, Maintenance of Forest Roads).

If necessary, please attach a separate report addressing the following three items:

1) ROOT CAUSE ANALYSIS BY COMPANY– Include potential causes & assurance problem does not exist in other areas.

The state forest system is spread across a vast territory. Differences in soil, slope, and other geomorphic characteristics along with differences in human pressures/uses results in a spectrum of possible resource damage impacts. The inventory, management and maintenance of transportation/roads is typically addressed locally. Information as well as prioritization for repair related to water quality is also held locally at the FMU level. Budget however is established statewide.

Each FMU addresses water quality concerns as part of its routine work. The root problem and challenge is to compile and evaluate potential water quality concerns statewide in order to prioritize and address those that pose an immediate threat to human or natural resource health. The DNR focus of attention has been on establishing a well-documented bmp and resource damage information collection system. This will provide the basis for the prioritization of corrective actions and identification of required additional resource needs. Our next step will be to find additional resources to address reported problems.

2) CORRECTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.

Now that the department has a well-defined information collection system in place and we have established the scope of the BMP problem, we are employing a 2-tiered approach for restoration. First, FMFM has allocated operational funds to fix the highest priority problems identified in the RDR system. Secondly, we are communicating with the department and the legislature about the needs for additional funding. In addition, an internal work group will be convened to conduct a broad scale review of forest roads, trails etc. This group should be convened in the first quarter of 2007 (calendar).

3) PREVENTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.

DNR will continue to train employees to identify and address reported RDR problems, and the adequacy of resources and on-the-ground corrective actions will be evaluated at annual DNR management reviews.

AUDITOR REVIEW OF COMPANY'S PLAN:

The corrective and preventive actions described above are appropriate. Plan approved; implementation to be reviewed fall 2007.

Auditors will assess progress towards more closely matching funding with actual needs as identified by information collected.

STATUS: Open AUDITOR/DATE: Mike Ferrucci December 22, 2006

AUDITOR REVIEW OF COMPANY'S COMPLETED ACTION:

STATUS: _____ AUDITOR/DATE: _____

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Company/Location: MI DNR	Date: 9-20-05 FRS # 5Y031
Auditor: Mike Ferrucci, Jodi Kaiser	CAR Number: MF-2005-01B
Location of Finding: Cadillac FMU C12 Sale#63-009-03-01	Previous CAR Number/Date: NA
Discussed with: Steve Nyhoff, Bill O'Neil and others	Nonconformance Type (underline): Major **Minor**

AUDITOR FINDING: Standard Number and Clause: 2005-2009 SFIS Performance Measure 5.1 Visual Management Program Managers shall manage the impact of harvesting on visual quality.

Description: Operations Inventory (O.I.) Forest Management Division comment about leave trees in the Cycle Oak Sale stated "mark oak trees to leave for visual management and protection of trail" yet in field no marks could be seen (sale not yet cut). Concerns were addressed by DNR personnel, by explaining that instead of painting leave trees they "did address the leave tree issue with the 4-inch (retention) spec rather than a 2-inch spec". This was confirmed by review of 3.26.02 Compartment Review Notes for C12, and this decision was implemented in the contract "Cutting Specifications". However, on the closed sale "Squidwood Oak" O.I. comment for leave trees in the Squidwood Sale stated "mark oak trees to leave for visual management for trails and Three Mile Road" for Stands 82 and 83, and "leave JP and oak trees in clumps." Leave trees were not left. Thus there was a lack of visual management for Three Mile Road. Other similar situations were encountered during the audit, in which recommendations during planning process were not carried out in the field.

If necessary, please attach a separate report addressing the following three items:

1) ROOT CAUSE ANALYSIS BY COMPANY– Include potential causes & assurance problem does not exist in other areas.
The cause of this problem is failure to follow current procedures and perform what was prescribed in operations inventory. Similar operational shortcomings were found during Michigan DNR's internal audit and management review in 2005.

2) CORRECTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.

Work Instruction 7.1 states that Foresters and Forest Technicians are to complete a *Timber Pre-sale Checklist* to assure that all management intentions as recorded in the inventory system have been provided for in the sale. The monitoring section of this work instruction, assigns the QA/QC responsibility to the Unit Manager.

3) PREVENTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.

Michigan DNR will continue to implement operational procedures as outlined in Work Instruction 7.1. Field Coordinators will review and address shortcomings identified during the management review process (internal audits). Work Instruction 7.1 will be amended to more clearly state that the FMFM Unit Manager is responsible for ensuring that operations inventory prescriptions and timber sale preparation specifications match.

AUDITOR REVIEW OF COMPANY'S PLAN:

This plan places emphasis on implementing Work Instruction 7.1 including a "Timber Pre-sale Checklist", which is a fairly recent process. Implementation will be reviewed during Surveillance Audits over the next year.

STATUS: OPEN AUDITOR/DATE: Michael Ferrucci 11.16.05

AUDITOR REVIEW OF COMPANY'S COMPLETED ACTION:

March 06: Reviewed and confirmed existence of revised pre-sale checklist and staff knowledge of it. Discussed process for checking done by FMU Managers, by WL Wildlife Biologists, and by Timber Management Specialists. Need to verify effective implementation in the field during the regular 2006 Surveillance Audit scheduled for fall, 2006. October 2006: Confirmed clarification of and strong emphasis on rigorous implementation of Work Instruction 7.1 and use of Timber Pre-sale Checklist. However, internal audits show continued challenges in implementing all of the new or revised procedures, including Internal Audit NCR# 33-2006-06 (Escanaba). The trend is positive, and sufficient progress is made to close the CAR, but this issue will be closely tracked in future audits.

STATUS: Closed AUDITOR/DATE: Mike Ferrucci, 10-27-06

STATUS LEGEND: OPEN = CA Plan Accepted **CLOSED** = CA implemented, verified & accepted **REJECTED** = C/A Plan or Implementation rejected

Company/Location: MI DNR	Date: 9-21-05 FRS # 5Y031
Auditor: Mike Ferrucci	CAR Number: MF-2005-02
Location of Finding: Gladwin FMU, Comp. 124	Previous CAR Number/Date: NA
Discussed with: Steve Nyhoff, Bill O'Neil & others	Nonconformance Type (underline): Major **Minor**

AUDITOR FINDING: Standard and Clause: 2005-2009 SFIS Indicator 5.3.3 "Green-up" requirement.

Description: Trees in adjacent clearcut areas were not 3 years old or 5 feet tall. Despite operational and economic considerations, alternative methods to reach the performance measure were not employed in the critical portion of the sale. Compartment 124, Stands 36 & 38 Jack Pine clearcut 73-040-99-01, Stand 22 Unit 9 73-005-03-01, and Stand 20 Unit 6 73-005-03-01are adjacent. From SW to NE, Stand 22 is furthest to rear, 36/38 are in the middle, and 20 is nearest to Jack Pine Trail, a paved public road. A large subdivision is located ¾ mile to the east of these sales, and DNR staff indicated that residents of the subdivision picked blueberries in these areas prior to and after harvest. A protest blockage of the furrowing equipment was described to the auditors, indicating a continuing high interest in this area even after the trees were harvested. The design and layout of the harvests incorporated many aspects of visual management, except for the conjunction of adjacent stands 20 and 38. At the time of the audit all four adjacent stands were not regenerated, and this adjacency requirement of SFI was not met. See details below.

Stand 36 and 38 Jack Pine clearcut 73-040-99-01
(Note: Stand 36 is listed on Timber Sale Completion Report as Stand 138) "Arenac Double Jack" Sale is a 56-acre pine pre-salvage clearcut completed October 2002 (payments made 9-30-02 and 10-8-02, final inspection report 10-31-02). 10-18-99 memo from Gladwin FMU Forester indicates it is susceptible to Jack Pine Budworm outbreak with assistance from Forest Health Specialist. It was cut outside of the normal YOE Compartment Review process for this reason, and proper procedure followed. Some natural regeneration JP seedlings under 15 inch height present, uncertain if there are currently enough to meet stocking. FTP # C73781 "Artificial Regeneration of jack pine and red pine" final approval 4-28-05. Stand recently furrowed, not yet planted, indicating that target levels of regeneration not yet met.

Stand 22 Unit 9 73-005-03-01
"JP Complex Unit 9" 49 acre clearcut of 56-year old Jack pine started January 26, 2005. Adjacent to Stand 36 above, but separated by 100-foot wide uncut buffer except small portion at east end, furthest from road. Good visual.

Stand 20 Unit 6 73-005-03-01
"JP Complex Unit 6" is a 23-acre clearcut of 66-year old Jack Pine harvested at the same time as Unit 9. This is a non-conformance with the SFI standard 5.3.3. No evidence of urgency regarding health, nor were any other methods employed to manage the esthetic impact of placing this unit adjacent to Stand 38 (no separation buffer was left, and few residual trees present are not positioned to provide buffer. Trees in adjacent Stand 38 were not established at desired level of stocking, and were not 3 years old. (Note: Stand 36 is listed on Timber Sale Completion Report as Stand 138.)

IF NECESSARY, PLEASE ATTACH A SEPARATE REPORT ADDRESSING THE FOLLOWING THREE ITEMS:

1) ROOT CAUSE ANALYSIS BY COMPANY– Include potential causes & assurance problem does not exist in other areas.

Forest health: No buffer was left between stands 20 and 38 because both were cut to reduce the risk of mortality due to jack pine budworm (see stand list on following page from Roger Mech, Forest Health Specialist). A significant modification of the original sale was made to modify the visual impact of the large clearcut area following the Visual Management Checklist in use at the time of the sales. The original sale, Arenac Double Jack, included stands 36 and 38 which were listed as high risk for jack pine budworm and cut out of year-of-entry. Because of the concern for the aesthetic impact of a large clearcut, stand 38 was divided, reserving 23 acres which were in slightly better condition. This reserved portion became stand 20 which was harvested later. The Corrective Action Request states "No evidence of urgency regarding forest health…" However, there was evidence that forest health was an urgent risk for the stands involved in these sales. The original risk assessment for loss to jack pine budworm listed stand 38 as high risk and the follow-up assessment in 2004 listed the northern portion of old stand 38 (which became stand 20) as high risk. Although the original sale was reduced in area to manage the aesthetic impact, it did not reduce the risk to the remaining stand. It remained necessary to harvest stand 20 before the adjacency requirement had been met to address the forest health risk. Had the entire stand been harvested at one time, there would not have been an issue with adjacency, yet the aesthetic impact of the harvest operation would have been worse. In this case, the aesthetic impact of the large area was deferred, but now, because they are two separate units, they are subject to the adjacency requirement.

Lack of alternative measures: One alternative measure to reduce the visual impact of the clearcut would have been to leave some

scattered oak trees. However, the oak in the stand was prescribed to be cut to facilitate the regeneration work. The considerations made were not fully documented in a pre-sale checklist or in OI stand remarks, Note also, that a significant buffer was left along the paved road to the north of the sale areas in order to moderate visual impact of the sale.

Operating instructions: These sales were set up and executed following the operating instructions in place at the time the work was done. The relevant operating instructions regarding clearcut size and visual management were properly employed. All of this work was conducted prior to the Department's commitment to follow the SFI standard regarding green-up

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2) CORRECTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.

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3) PREVENTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.
The Michigan DNR will document future visual considerations that will include the green-up requirement of the SFI Standard. The pre-sale checklist has since been modified to include an explicit check for adjacency and green-up requirements. This change was completed on 10/14/2005.

AUDITOR REVIEW OF COMPANY'S PLAN:
The measures described in the Root Cause Analysis (Part 1) were not fully understood by the audit team when the CAR was issued, but fail to convince the Lead Auditor that the issue was adequately considered at the time the sale layout decision was made, in part because these decisions predated the adoption of the SFI Standard by the Michigan DNR. The lead auditor is convinced by additional evidence provided herein that forest health issues were involved in the timber harvest decisions, but objective evidence does not exist to document alternative methods employed to provide for visual quality as per the SFI requirements. No corrective action (Part 2) is possible. The proposed preventative action (Part 3) is appropriate, as it involves a new process that incorporates SFI requirements and focuses on improved documentation. Implementation, including the use of the modified "Pre-sale checklist" that now includes visual considerations, will be reviewed in the Surveillance Audit scheduled for the fall of 2006.

STATUS: OPEN AUDITOR/DATE: Michael Ferrucci 11.16.05

AUDITOR REVIEW OF COMPANY'S COMPLETED ACTION:

Reviewed and confirmed existence of revised pre-sale checklist and staff knowledge of it. The form is beginning to be used. Verified effective implementation in the field during the regular 2006 Surveillance Audit scheduled for fall, 2006.

STATUS: Closed AUDITOR/DATE: Mike Ferrucci, 10-27-06

STATUS LEGEND: OPEN = CA Plan Accepted **CLOSED** = CA implemented, verified & accepted **REJECTED** = C/A Plan or Implementation rejected

Company/Location: MI DNR	Date: 9-23-05 FRS # 5Y031
Auditor: Jodi Kaiser	CAR Number: JK-2005-03
Location of Finding: Atlanta Comp. 50 Stand 262	Previous CAR Number/Date: NA
Discussed with: Jim Bielecki, Bill O'Neil & Unit Staff	Nonconformance Type (underline): Major **Minor**

AUDITOR FINDING: Standard Number and Clause: 2005-2009 SFIS PM 1.1Indicators 1a, 3, 4, and 5. Also relates to Performance Measure 2.1.

Description: Inventory and planning methods are not always correctly applied. During office review of paperwork, Auditor Jodi Kaiser found a discrepancy between Jack Pine inventory/objective for the stand and post cruise data as part of a proposal for an aspen harvest, with Aspen also coded as objective for the future stand. Biologist recommended drumming logs based on Aspen coding. Drumming logs did not appear on the timber sale prospectus or contract, and thus were not implemented. Despite an initial search for records by Atlanta staff there is no documentation for a changed objective. Field review with Lead Auditor and FMFM and Wildlife staff showed that OI was correct. Field review of site confirmed there had been little aspen in the stand prior to harvest, there are many Jack Pine stumps, and there is little aspen sprouting. Thus Jack Pine should be the objective. As a consequence of this coding error there is no Forest Treatment Proposal (FTP) for planting, and no entry on the Planting Plan maintained by the Timber Management Specialist. (After new work instructions are implemented this type of error could also result in no entry into the time clock, but audit team welcomes additional analysis on this final point.)
Note: Root cause analysis needs to include evidence that this is not a systematic problem.

IF NECESSARY, PLEASE ATTACH A SEPARATE REPORT ADDRESSING THE FOLLOWING THREE ITEMS:

1) ROOT CAUSE ANALYSIS BY COMPANY– Include potential causes & assurance problem does not exist in other areas. The cause of this problem is failure to follow current procedures to record accurate stand data in the timber sale proposal. QA/QC measures did not work in regard to finding and correcting coding error. Michigan DNR found similar coding errors during internal audits (Management Review) and considers the root cause of the problems to be failure to follow procedures as directed in Work Instruction 7.

An FTP for planting stand 262 of compartment 50 is attached to this response. Although the FTP could not be located on the day of the Atlanta audit, it did exist. A copy of the FTP was provided to Jodi Kaiser during the second week of the audit. Regeneration plans are adequate.

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2) CORRECTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.

Work Instruction 7.1 states that Foresters and Forest Technicians are to complete *Timber Pre-sale Checklist*. This pre-sale check prompts the administrator to assure that all management intentions as recorded in the inventory system have been provided for in the timber sale. In addition, the monitoring section of Work Instruction 7.1 assigns the QA/QC function to the Unit Manager.

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3) PREVENTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.

Michigan DNR will continue to implement operational procedures as outlined in Work Instruction 7.1. Field Coordinators will review and address quality control shortcomings found through the Management Review process (internal audits). Work Instruction 7.1 will be revised to more clearly state that the FMFM Unit Manager is responsible for ensuring that operations inventory prescriptions and timber sale proposal coding match.

AUDITOR REVIEW OF COMPANY'S PLAN:
Additional evidence provided by Michigan DNR indicates that an FTP was prepared. A non-conformance still exists, and the root cause, corrective, and preventive actions are appropriate. Implementation of Work Instruction 7.1 will be assessed during Surveillance Audits over the next year.

STATUS: OPEN AUDITOR/DATE: Michael Ferrucci 11.16.05

AUDITOR REVIEW OF COMPANY'S COMPLETED ACTION:
Discussed process for checking timber sales against Operations Inventory and Compartment Review recommendations that is carried out by FMU Managers, by WL Wildlife Biologists, and by Timber Management Specialists. Also reviewed knowledge of Work Instruction 7.1 by field foresters. Verified effective implementation in the field during the regular 2006 Surveillance Audit scheduled for fall, 2006.

TATUS: Closed AUDITOR/DATE: Mike Ferrucci, 10-27-06

STATUS LEGEND: OPEN = CA Plan Accepted **CLOSED** = CA implemented, verified & accepted **REJECTED** = C/A Plan or Implementatio n rejected

Company/Location: MI DNR	Date: 9-20-05 FRS # 5Y031
Auditor: Mike Ferrucci, Jodi Kaiser, Dave Capen	CAR Number: MF-2005-04B
Location of Finding: Numerous field locations	Previous CAR Number/Date: NA
Discussed with: Dennis Nezich, FCIT	Nonconformance Type (underline): Major **Minor**

AUDITOR FINDING: Standard Number and Clause: 2005-2009 SFIS Indicator 3.1: Program to implement state or provincial equivalent BMPs during all phases of management activities.

Several instances of Best Management Practice (BMP) violations were observed by the audit team, all of which were already logged into the Michigan DNR violations system (or were recorded as the team observed the non-conformances), but many of these have not yet been corrected. Implementation of corrective actions for all of the recently identified internal BMP non-conformances are not complete, and would not be expected to be complete, given the recent vintage of the internal BMP monitoring program as part of the new Forest Certification Work Instructions. The DNR is to be commended for designing a robust and comprehensive internal inspection and internal audit protocol. Given the number of BMP non-conformances this Minor Non-Conformance is designed to help the NSF Lead Auditor monitor the entire program with respect to implementation of BMPs. Progress against the BMP violations will be assessed during subsequent Surveillance Audits.

IF NECESSARY, PLEASE ATTACH A SEPARATE REPORT ADDRESSING THE FOLLOWING THREE ITEMS:

1) ROOT CAUSE ANALYSIS BY COMPANY– Include potential causes & assurance problem does not exist in other areas. Michigan DNR has created procedures for recognizing, documenting, and repairing BMP non-conformances in the implementation of the MDNR Action Plan (a response to the scoping audit in October of 2005). BMP violation reporting, tracking and monitoring was restructured into a more cohesive statewide system using Work Instruction 3.2. This protocol was very recently rolled out, consequently many FMUs are currently gathering and compiling information on BMP violations. This process is used to document BMP problems, prioritize activities, and carry out repairs, and is in the early stage of implementation.

2) CORRECTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.

Protocols are in place and staff are implementing them based on Work Instructions 3.1, 3.2 and 3.3. A BMP electronic database and form will be developed.

3) PREVENTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.

DNR is presently using the process described in the work instructions. This process began in June of 2005, and is used to protect water quality and site productivity. Management Review will prioritize reported problems and identify remedial actions to address the most ecologically significant BMP problems. A Management Review is scheduled for December 2005.

AUDITOR REVIEW OF COMPANY'S PLAN:
The proposed corrective and preventive actions are appropriate. Implementation of Work Instructions 3.1, 3.2 and 3.3 will be assessed during Surveillance Audits over the next year.

STATUS: OPEN AUDITOR/DATE: Michael Ferrucci 11.16.05

AUDITOR REVIEW OF COMPANY'S COMPLETED ACTION:
The special March 2006 Surveillance Audit afforded little opportunity to assess implementation of CAP. Confirmed that $382,000 in funding was made available for FY 2006 to address the list of BMP problems. Determined during the October 2006 S.A. that the system of training and use of Resource Damage Reports (RDRs) including tabulating totals is being implemented effectively.

TATUS: Closed AUDITOR/DATE: Mike Ferrucci, 10-27-06

STATUS LEGEND: OPEN = CA Plan Accepted **CLOSED** = CA implemented, verified & accepted **REJECTED** = C/A Plan or Implementation rejected

Company/Location: MI DNR	Date: 9-20-05 FRS # 5Y031
Auditor: Mike Ferrucci, Jodi Kaiser	CAR Number: MF-2005-05
Location of Finding: Numerous field locations	Previous CAR Number/Date: NA
Discussed with: Dennis Nezich, FCIT	Nonconformance Type (underline): Major **Minor**

AUDITOR FINDING: Standard Number and Clause: 2005-2009 SFIS 12.2.4. Recreation opportunities for the public, where consistent with forest management objectives.

Despite strong evidence of increased emphasis on management of ORV impacts and enforcement of ORV laws in recent years, and evidence of important progress since the Gap Analysis/Scoping of October, 2004, illegal ORV use continues to impact some streams and wetlands. Budgets for Conservation Officers have been declining in recent years, and an even larger reduction is planned for the next fiscal year. Conservation officers are supported in their work by Forest Officers, who are specially-trained Forest Fire Officers. However the Forest Officer Program is currently a voluntary program for Forest Fire Officers and has declining participation.

The primary responsibilities of both Forest Officers and Forest Fire Officers include fire fighting and recreation, with staffing declining despite increasing recreational demand. It is thus unlikely that the Forest Officers will be able to provide much support to Conservation Officers in the area of law enforcement, specifically the area of ORV laws and regulations. Further, the recent increase in emphasis on enforcement of ORV regulations is not likely to be sustained, and damage to the resources will very likely begin to increase once again.

Certification does not expect perfection, but does expect a reasonable degree of "continuous improvement". Given the size and quality of the DNR trail and road system, the increasing popularity of ORVs, and human nature, damage from illegal ORV use will always occur, and in fact continued throughout the 2-week audit. The audit team observed two ORVs being used on a closed trail, having just forded a high-quality stream where banks were eroding. Numerous other examples of ORV damage were observed by the audit team; these examples and many others are currently logged into the Michigan DNR's BMP violation tracking system. Some work to close these BMP issues (repair the damages and possibly construct preventative barriers) has occurred, but most are still uncorrected.

Implementation of corrective actions for all of the recently identified ORV-related BMP non-conformances are not complete, and would not be expected to be complete, given the recent roll-out of the program. The DNR is to be commended for designing a robust and comprehensive internal inspection and internal audit protocol. Given the number of BMP non-conformances this Minor Non-Conformance is designed to help the NSF Lead Auditor monitor implementation of BMPs to repair ORV damage.

IF NECESSARY, PLEASE ATTACH A SEPARATE REPORT ADDRESSING THE FOLLOWING THREE ITEMS:

1) ROOT CAUSE ANALYSIS BY COMPANY– Include potential causes & assurance problem does not exist in other areas.
DNR has been monitoring and tracking ORV use and impacts over time. Assessments, plans and reviews related to ORVs occurred in 1979, 1991, 1991-1996 State Comprehensive Outdoor Recreation Plan (SCORP), 1997, 2000, 2003-2007 SCORP and 2005 ORV Plan (Nelson, Draft). These reports have consistently emphasized separating conflicting uses, developing recreation opportunities/trail, user education/training and enforcement (both self and law).

There is a factual error in the CAR related to the LED budget. The Fiscal Year (FY) 06 appropriation is up 31% over FY05. The auditors' observation suggests a perceived lack of permanent, fulltime DNR "officer" personnel as a cause of "resource damage from unauthorized ORV use" and a (presumably negative) "general condition of state forest roads". This approach fails to consider or recognize the DNR's efforts at addressing ORV and road problems via fulltime DNR ORV specialists, temporary and part-time employees, contractors, grants, volunteers, county road commissions, and local law-enforcement personnel. As a result, the "CAR" seems to require hiring uniformed personnel when other approaches may be more effective.

This is a long standing problem and there is concern that illegal ORV use will continue and is likely to increase over time resulting in resource damage. The State of Michigan has not developed an effective program to manage this problem.

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2) CORRECTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.
DNR proposes to show, within one year, a wide array of efforts addressing ORV and road and bridge maintenance issues to include user education, enforcement, and remediation. Protocols are in place and staff are implementing them based on Work Instructions 3.1, 3.2 and 3.3. A BMP electronic database and form will be developed. Resource damage reports will be compiled, prioritized and corrective actions determined. Corrective actions will vary in intensity and activity depending on the degree, extent and level of damage. These data and concerns related to legal and illegal ORV use of state lands will be communicated to the ORV Advisory Board and the Forest Management Advisory Committee (DNR stakeholder boards).

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3) PREVENTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.
By January 30, 2006 the DNR will create a task force that will be charged with defining a Department-wide strategy for addressing illegal ORV use. The strategy will be defined by June 30, 2006, and it will address three fronts including user education, enforcement, and maintenance/restoration. DNR will demonstrate additional progress by the time of the first annual surveillance audit.

AUDITOR REVIEW OF COMPANY'S PLAN:
Additional information provided in the Root Cause Analysis regarding an increase in the budget for the Law Enforcement Division (LED) provides assurance that the DNR is already making significant efforts to remedy this problem. The proposed corrective and preventive actions involve the development and implementation of an environmental management system (EMS) approach that includes assessment, remediation, and management review at multiple levels, including reviews by resource managers and by policy-makers. Implementation will be assessed during Surveillance Audit scheduled for the fall of 2006.

STATUS: OPEN AUDITOR/DATE: Michael Ferrucci 11.16.05

AUDITOR REVIEW OF COMPANY'S COMPLETED ACTION:
Confirmed that the ORV task force has been appointed, and that it has begun to meet. Confirmed that $382,000 in funding as made available for FY 2006 to address the list of BMP problems, and that the ORV budget has been increased. Remainder of CAP was confirmed during the fall, 2006 Surveillance Audit. Recreation officers in the UP are devoting considerable time and attention to ORV education and enforcement, with support from local law enforcement and judiciary increasing.

TATUS: Closed AUDITOR/DATE: Mike Ferrucci, 10-27-06

STATUS LEGEND: OPEN = CA Plan Accepted **CLOSED** = CA implemented, verified & accepted **REJECTED** = C/A Plan or Implementation rejected

Company/Location: MI DNR	Date: 9-30-05 FRS # 5Y031
Auditor: Mike Ferrucci	CAR Number: MF-2005-06
Location of Finding: Marquette OSC	Previous CAR Number/Date: NA
Discussed with: Dennis Nezich, others	Nonconformance Type (underline): Major **Minor**

AUDITOR FINDING: Standard Number and Clause: 2005-2009 SFIS 10.2.1, 12.2.1, 12.2.1 and 12.5.1

Description: 10.2.1 Michigan DNR has been involved in some of the listed logger education efforts, but has had limited involvement with SFI Implementation Committee. No evidence was provided that the Michigan DNR supported the SIC in either the establishment of criteria or the identification of delivery mechanisms for wood producer's training courses.
12.1.1: To date, Michigan DNR has had Minimal involvement on SFI Implementation Committee. However, ample evidence exists for involvement by Michigan DNR with the full range of organizations listed in the Performance Measure
12.2.1: Michigan DNR has implemented numerous public outreach, education, and involvement initiatives, but not in conjunction with the SFI Implementation Committee.
12.5.1: Michigan DNR has had limited involvement with SFI Implementation Committee, and no evidence was provided that the Michigan DNR supported the SIC in its efforts to address concerns about inconsistent practices.

IF NECESSARY, PLEASE ATTACH A SEPARATE REPORT ADDRESSING THE FOLLOWING THREE ITEMS:

1) ROOT CAUSE ANALYSIS BY COMPANY– Include potential causes & assurance problem does not exist in other areas.
The primary root cause is that the Michigan DNR is not yet certified under the SFI standard. The following past involvement occurred: FMFM Division Assistant Chief Bernie Hubbard attended the April 2004 and November 2004 Statewide Implementation Committee (SIC) meetings. Bernie Hubbard and Dennis Nezich (FMFM Forest Certification Specialist) attended the April 2005 SIC meeting. Forest Pest Specialist Robert Heyd provided Upper Peninsula SFE training in forest pest management and control of exotics. FMFM Unit Managers and staff attended and assisted in SFE logger training courses delivered by the MSU Extension Service.

2) CORRECTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.
Dennis Nezich, FMFM Division Forest Certification Specialist, is the Department's representative that will attend SIC and SIC subcommittee meetings, and is the Department's point person for addressing inconsistent practices reported to the SFI statewide committee on their toll free line.

3) PREVENTIVE ACTION BY COMPANY – Based on the Root Cause Analysis, the following action has been planned/taken to correct the problem. Please include expected completion date.
Michigan DNR will actively participate in SIC meetings and SIC subcommittee meetings following SFI certification.

AUDITOR REVIEW OF COMPANY'S PLAN:
The proposed actions are appropriate. Implementation of will be assessed during Surveillance Audits over the next year.

STATUS: OPEN AUDITOR/DATE: Michael Ferrucci 11.16.05

AUDITOR REVIEW OF COMPANY'S COMPLETED ACTION:
Dennis Nezich attended a November 3, 2005 MI SIC meeting and MI SFE committee meeting.

STATUS: CLOSED AUDITOR/DATE: Mike Ferrucci 3-24-06

STATUS LEGEND: OPEN = CA Plan Accepted **CLOSED** = CA implemented, verified & accepted **REJECTED** = C/A Plan or Implementation rejected

APPENDIX III

SFI/FSC Audit Attendees

Crystal Falls

DNR staff avail entire audit	Division
DENNIS NEZICH (FC Specialist)	FMFM
LARRY PEDERSEN (Planning Unit Sup.)	FMFM
PENNEY MELCHOIR (Field Coordinator)	WLD
MICHAEL PALUDA (UP Field Coordinator)	FMFM
DNR staff avail for portion of audit	
STEVE MILFORD (CF Unit Manager)	FMFM
CYNTHIA COOPER (Forester)	FMFM
LINDA LINDBERG (Forester)	FMFM
OTTO JACOB (Forester)	FMFM
JEFF WEST (Forest Fire Officer)	FMFM
CHUCK SARTORI (Forest Fire Officer)	FMFM
RICH AHNEN (Forest Fire Supervisor)	FMFM
PATRICK OLSON (Forest Fire Officer)	FMFM
THOMAS SEABLOM (Forester)	FMFM
DOUG WAGNER (CF Wildlife Biologist)	WLD
MONICA JOSEPH (CF Wildlife Tech)	WLD
BILL ZIEGLER (CF Fisheries Biologist)	FSH
DEBBIE BEGALLE (W UP Dist. Supervisor)	FMFM
BOB DOEPKER (W UP Dist. Supervisor)	WLD
JOHN HAMEL (W UP planner)	FMFM
MIKE HERMAN (District Supervisor)	FSH
LT TOM CROCHAINE (W UP Dist. Supervisor)	LED
MIKE KOSS (WLD Ecologist)	WLD
JIM FERRIS (W UP Timber Mgt Spec)	FMFM
KIM HERMAN (Monitoring Specialist)	FMFM
NSF/SCS	
ROBERT HRUBES	SCS
MIKE FERRUCCI	NSF
BILL WILKINSON (FSC US Accreditation Auditor)	FSC
HANS ACHIM DROSTE (FSC Accreditation Program Manager)	FSC
STERLING GRIFFIN	SCS

Marquette

DNR staff avail entire audit	Division
DENNIS NEZICH (FC Specialist)	FMFM
LARRY PEDERSEN (Planning Unit Sup.)	FMFM
PENNEY MELCHOIR (Field Coordinator)	WLD
MICHAEL PALUDA (UP Field Coordinator)	FMFM
DNR staff avail for portion of audit	
JIM EKDAHL (UP Deputy Director)	
DEBBIE BEGALLE (W UP Dist. Supervisor)	FMFM
RONALD MURRAY (Unit sup. - Lansing)	FMFM
BOB DOEPKER (W UP Dist. Supervisor)	WLD
JOHN HAMEL (W UP planner)	FMFM
MIKE HERMAN (District Supervisor)	FSH
JAMES FERRIS (W UP Timber Management Spec)	FMFM
JIM RADABAUGH (Recreation Sec. mgr.)	FMFM
MIKE DONOVAN (Resource Specialist)	WLD
BOB HEYD (UP Entomologist)	FMFM
Capt.CURT BACON (N. Field Oper. Sup)	LED
MIKE KOSS (WLD Ecologist)	WLD
MARK MCKAY (W UP Wildlife Tech.)	WLD
DAVID PRICE (Forest Cert. Planner)	FMFM
CARA BOUCHER (Section leader, Lansing)	FMFM
KIM HERMAN (Monitoring Specialist)	FMFM
NSF/SCS	
ROBERT HRUBES	SCS
MIKE FERRUCCI	NSF
BILL WILKINSON (FSC US Accreditation Auditor)	FSC
HANS ACHIM DROSTE (FSC Accreditation Program Manager)	FSC
STERLING GRIFFIN	SCS

Shingleton

DNR staff avail entire audit	Division
DENNIS NEZICH (FC Specialist)	FMFM
LARRY PEDERSEN (Planning Unit Sup.)	FMFM
PENNEY MELCHOIR (Field Coordinator)	WLD
MICHAEL PALUDA (UP Field Coordinator)	FMFM
DNR staff avail for portion of audit	
SCOTT LAKOSKY (Fire Officer)	FMFM
BOB DEVILLEZ (E UP Planner)	FMFM
DAVID PRICE (Forest Cert. Planner)	FMFM
JEFF STAMPFLY (Unit Manager)	FMFM
TERRY MINZEY (Wildlife Biologist)	WLD
SHERRY MACKINNON (Wildlife Ecologist)	WLD
JIM WAYBRANT (Fisheries Biologist)	FSH
DARREN KRAMER (Fisheries Biologist)	FSH
REX AINSLIE (E UP Supervisor)	WLD
BOB MOODY (E UP Dist. Supervisor)	FSH
DON KUHR (E UP Timber mgt spec)	FMFM
LT JOHN CISCHKE (E UP Dist. Supervisor)	LED
CELESTE CHINGWA (Forest Fire Supervisor)	FMFM
JENNIFER BURNHAM (Forester)	FMFM
BOB BURNHAM (Forester)	FMFM
CHRIS TROMBLY (Secretary)	FOS
BOB TYEKA (Forester)	FMFM
KRISTEN MATSON (Forester)	FMFM
DAN MOORE (District Recreation Specialist)	FMFM
NSF/SCS	
ROBERT HRUBES	SCS
MIKE FERRUCCI	NSF
BILL WILKINSON (FSC US Accreditation Auditor)	FSC
HANS ACHIM DROSTE (FSC Accreditation Program Manager)	FSC
STERLING GRIFFIN	SCS

Escanaba

DNR staff avail entire audit	Division
DENNIS NEZICH (FC Specialist)	FMFM
LARRY PEDERSEN (Planning Unit Sup.)	FMFM
PENNEY MELCHOIR (Field Coordinator)	WLD
MICHAEL PALUDA (UP Field Coordinator)	FMFM
DNR staff avail for portion of audit	
STEVE MILFORD (CF Unit Manager)	FMFM
DARRYL SHANN (Conservation Officer)	LED
DAN BEAUDO (Fire Officer)	FMFM
DUSTIN SALTER (Forester)	FMFM
DON KUHR (District Timber Management Spec)	FMFM
BOB DOEPKER (District Wildlife Supervisor)	WLD
MIKE KOSS (Wildlife Ecologist)	WLD
DARREN KRAMER (Fisheries Biologist)	FO
ERIC THOMPSON (Unit Manager)	FMFM
BILL ROLLO (Wildlife Technician)	WLD
CRAIG ALBRIGHT (Wildlife Biologist)	WLD
DAN RACINE (Forester)	FMFM
KELLY STANDEFER (Forester)	FMFM
MIKE HERMAN (District Fisheries Supervisor)	FISH
DAN MCNAMEE (Forester)	FMFM
GARY WELLMAN (Fire Officer)	FMFM
ROGER GRINSTEINER (Fire Officer)	FMFM
DAN MOORE (District Recreation Specialist)	FMFM
RUSSELL MACDONALD (Forest Fire Supervisor)	FMFM
ROGER JONES (Fire Officer)	FMFM
KIM HERMAN (Monitoring Specialist)	FMFM
NSF/SCS	
ROBERT HRUBES	SCS
MIKE FERRUCCI	NSF
BILL WILKINSON (FSC US Accreditation Auditor)	FSC
HANS ACHIM DROSTE (FSC Accreditation Program Manager)	FSC
STERLING GRIFFIN	SCS

APPENDIX IV

SFI Surveillance Audit Summary for Public Disclosure

The SFI Program of the Michigan DNR has demonstrated continuing conformance with the Sustainable Forestry Initiative Standard ®, 2005-2009 Edition (SFIS), according to the NSF-ISR SFIS Certification Audit Team.

The Michigan Department of Natural Resources manages 3.9 million acres of State Forest land throughout the northern two-thirds of Michigan, using an interdisciplinary approach to integrate the harvesting of forest products, the provision of wildlife habitat, the protection of special sites, and the provision of extensive recreational opportunities. A variety of forest products are produced, including timber, pulpwood, firewood, cabin logs, poles, and other specialty products. Michigan DNR's SFI Program is managed by Dennis Nezich, Forest Certification Specialist.

NSF-ISR initially certified the Michigan DNR to the SFIS on December 9, 2005. This report describes the second follow-up Surveillance Audit conducted to track progress towards closing the Minor Non-conformances, to review progress towards implementing the "Forest Certification Work Instructions", to assess the DNR's management review system and its efforts at continuous improvement, and to review other SFI requirements as appropriate.

The surveillance audit was performed by NSF-ISR on October 24-27, 2006 by an audit team headed by Mike Ferrucci, SFI Lead Auditor and Dr. Robert Hrubes, FSC Lead Auditor. These auditors fulfill the qualification criteria for conducting SFIS Certification Audits contained in the Sustainable Forestry Initiative® Audit Procedures and Qualifications (SFI APQ). The objective of the audit was to assess continuing conformance of the firm's SFI Program to the requirements of the Sustainable Forestry Initiative® Standard, 2005-2009 Edition. The next surveillance audit is scheduled for October, 2007.

The scope of the audit was land management on 3.9 million acres of Michigan State Forests and the related sustainable forestry activities covered by the SFIS. The audit focused on aspects of forest management involving outstanding "Corrective Action Requests" (CARs) and those affected by recent changes in the DNR program. In addition, SFI obligations to promote sustainable forestry practices, to seek legal compliance, and to incorporate continual improvement systems were within the scope of the audit. Use of the SFI logo and the requirement to provide a public summary of audit reports were also reviewed. Field inspections occurred in sites selected by the audit team within the Crystal Falls, Shingleton, and Escanaba Forest Management Units. A day was spent in the Marquette Operations Service Center conducting a detailed review of documentation and having discussions with key Michigan DNR staff from the unit, district, region, and state-wide levels. This program is being audited under the standard surveillance audit option provided in the SFI program.

All of the Performance Measures within SFIS Objective 8 (involving procurement of wood) were outside of the scope of the Michigan DNR SFI program and were excluded from the scope of the SFI Certificate. No indicators were modified from the standard set in the other SFIS Objectives (1-7 and 9-13).

SFIS Surveillance Audit Process

The review was governed by a detailed audit protocol designed to enable the audit team determine continuing conformance with the applicable SFI requirements. The process included the assembly and review of audit evidence consisting of documents, interviews, and on-site inspections of ongoing or completed forest practices. Documents describing these activities were provided to the auditor in advance, and a sample of the available audit evidence was designated by the auditor for review. The NSF-ISR Audit team all reviewed all open minor non-conformances and the relevant corrective action plans.

The possible findings for specific SFI requirements included Full Conformance, Major Non-conformance, Minor Non-conformance, Opportunities for Improvement, and Practices that exceeded the Basic Requirements of the SFIS.

Overview of Audit Findings

The Michigan DNR's SFI Program was found to be in continuing conformance with the SFIS Standard. The review during the October 2006 S.A. showed that the department has implemented the corrections for all of the previous non-conformances. These are summarized below.

2005-01: Performance Measure 5.1: "Program Managers shall manage the impact of harvesting on visual quality." Verified the effective implementation of the *Timber Pre-sale Checklist* during the October, 2006 Surveillance Audit. This form is used to assure that all management intentions as recorded in the inventory system have been provided for in the sale.

2005-02: Indicator 5.3.3: "Green-up" requirement (adjacency issue). Verified the effective implementation of the Timber Pre-sale Checklist during the October, 2006 Surveillance Audit.

2005-03: PM 1.1 Indicators 1a, 3, 4, and 5 involve the forest inventory and management planning. In some cases, differences between inventory and prescriptions (data coding errors) have affected or could affect implementation of sustainable forest management practices. The lead audit reviewed the process for checking timber sales against Operations Inventory and Compartment Review recommendations that is carried out by FMU Managers, by WL Wildlife Biologists, and by Timber Management Specialists, and reviewed knowledge of Work Instruction 7.1 by field foresters. The audit team verified effective implementation of these measures.

2005-04: Indicator 3.1 requires a program to implement BMPs during all phases of management activities. The DNR has developed a system of internal checks against BMP requirements, including a comprehensive documentation process involving the systematic use of Resource Damage Reports to register BMP-related issues, and then to budget, plan for, and resolve these. The audit team determined that the system is being implemented effectively. It also confirmed that $382,000 in funding as made available for FY 2006 to address the list of BMP problems.

2005-05: Indicator 12.3.4 requires providing recreation opportunities for the public consistent with forest management objectives. In some cases, illegal ORV use was causing damage that may be compromising environmental protections. The auditors confirmed increased attention to these issues, including additional funding for repairs and for the overall trails program. The Law Enforcement Division's conservation officers are devoting considerable time and attention to ORV education and enforcement, with support from local law enforcement and judiciary increasing. In combination with the RDRs described for CAR 2005-04 above, these efforts have succeeded in bringing the program into conformance.

The NSF-ISR SFI Certification Audit Team found two new minor non-conformances and four opportunities for improvement. The Minor Non-conformances issued during this audit were as follows:

1. CAR SFI 2006-01: SFI Indicator 2.3.6 requires criteria for protection of soil productivity. The criteria for allowable ruts during timber harvesting activities are not clear.
2. CAR SFI 2006-02: SFI Indicator 3.1.1 involves the use of BMPs during all phases of management activities. There was insufficient evidence of a plan (timeline and resources) to address transportation system BMP issues (see Michigan Water Forest Practices page 25, section 3, Maintenance of Forest Roads).

The DNR has developed plans to address these issues. Progress in implementing the planned corrective actions will be reviewed in subsequent surveillance audits.

Four new opportunities for improvement were also identified:

OFI SFI-2006-01 - Indicator 10.1.3: "Staff education and training sufficient to their roles and responsibilities." Staff experience, education, and most training (including recent ecological-related training) are superb. The state forest management program, including plans, policies, procedures and guidelines, is rapidly evolving and improving. Given this, there is an opportunity to further improve training for staff, including record-keeping and linkages to the evolving compendium of management direction.

OFI SFI-2006-02 - Indicator 1.1.1: "A long-term resource analysis to guide forest management planning at a level appropriate to the size and scale of the operation…" Michigan DNR has a strong process for interdisciplinary planning and assessment, including formal and informal mechanisms. This portion of the planning process is not well documented or easily available for review. There is an opportunity to improve documentation of planning including issues and alternative considered, and decisions made.

OFI SFI-2006-03 - Indicator 13.1.2: ""System for collecting, reviewing, and reporting information to management regarding progress in achieving SFI Standard objectives and performance measures." Michigan DNR has developed and implemented a comprehensive internal audit program that is effectively helping to strengthen all programs, including SFI conformance. There is an opportunity to improve the internal audit process, particularly documenting observations on specific sites.

OFI SFI-2006-04 - Indicator 4.1.4: "Development and implementation of criteria, as guided by regionally appropriate science, for retention of stand-level wildlife habitat elements (e.g., snags, mast trees, down woody debris, den trees, nest trees)." There is an opportunity to improve stand-level retention policies and implementation in salvage harvests.

Positive Practices in the Michigan State Forest System

The sustainable forestry program of the Michigan DNR has many clear strengths which factored strongly into the finding of continuing conformance with the certification requirements. The audit team found that the Michigan DNR has made significant improvements in its already strong performance by continuing to implement and improve its comprehensive management review program, by increasing resources devoted to management plan updates, by completion of a draft Michigan Statewide Forest Plan, and by creating special task forces to consider BMP and ORV issues.

Further, the team has found that the SFI Standard continues to be exceeded in the following areas:

- Assignment of certification responsibilities (work instructions) within the DNR is superb;
- Sustainable harvest levels are conservative, and can clearly be sustained;
- No exotic species are planted;
- The forest health and protection programs are exemplary examples of Integrated Pest Management;
- BMP monitoring through the new Resource Damage Report system is exemplary;
- Protection of rare, threatened, or endangered species is a major focus throughout the program;
- Biodiversity protections are robust and well-designed;
- Clearcut size is far lower than the 120-acre maximum average; and

- Public recreation opportunities are high-quality, diverse, and widely available.

Relevance of Forestry Certification

Third-party certification provides assurance that forests are being managed under the principles of sustainable forestry, which are described in the Sustainable Forestry Initiative Standard as:

1. Sustainable Forestry
To practice sustainable forestry to meet the needs of the present without compromising the ability of future generations to meet their own needs by practicing a land stewardship ethic that integrates reforestation and the managing, growing, nurturing, and harvesting of trees for useful products with the conservation of soil, air and water quality, biological diversity, wildlife and aquatic habitat, recreation, and aesthetics.

2. Responsible Practices
To use and to promote among other forest landowners sustainable forestry practices that are both scientifically credible and economically, environmentally, and socially responsible.

3. Reforestation and Productive Capacity
To provide for regeneration after harvest and maintain the productive capacity of the forestland base.

4. Forest Health and Productivity
To protect forests from uncharacteristic and economically or environmentally undesirable wildfire, pests, diseases, and other damaging agents and thus maintain and improve long-term forest health and productivity.

5. Long-Term Forest and Soil Productivity
To protect and maintain long-term forest and soil productivity.

6. Protection of Water Resources
To protect water bodies and riparian zones.

7. Protection of Special Sites and Biological Diversity
To manage forests and lands of special significance (biologically, geologically, historically or culturally important) in a manner that takes into account their unique qualities and to promote a diversity of wildlife habitats, forest types, and ecological or natural community types.

8. Legal Compliance
To comply with applicable federal, provincial, state, and local forestry and related environmental laws, statutes, and regulations.

9. Continual Improvement
To continually improve the practice of forest management and also to monitor, measure and report performance in achieving the commitment to sustainable forestry.

Source: Sustainable Forestry Initiative® (SFI) Standard, 2005–2009 Edition

For Additional Information Contact:

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APPENDIX V

Audit Matrix

NSF-ISR auditors use this document to record their findings for each SFIS Performance Measure and Indicator.
If a non-conformance is found the auditor shall fully document the reasons on the Corrective Action Request (CAR) form. N/A in the Auditor column indicates that the associated Performance Measure or Indicator does not apply.
Findings are indicated by a date or date code: Audit Date-March 2006 Date Code- 6a; Audit Date-Oct. 2006 Date Code- 6

Surveillance audits involve a partial review, so not all requirements are audited each visit. This portion of the matrix provides an overall record of audit findings over time. This ensures that all requirements are audited within the five-year life of the certificate.

Objective 1: To broaden the implementation of sustainable forestry by ensuring long-term harvest levels based on the use of the best scientific information available.

Performance Measure/ Indicator		Audit-or	- - - *Indicate Only One* - - -				OFI
			FC	EXR	Maj	Min	
1.1	***Program Participants shall ensure that long-term harvest levels are sustainable and consistent with appropriate growth and-yield models and written plans.***						
1.1.1	A long-term resource analysis to guide forest management planning at a level appropriate to the size and scale of the operation, including: a. a periodic or ongoing forest inventory; b. a land classification system; c. soils inventory and maps, where available; d. access to growth-and-yield modeling capabilities; e. up-to-date maps or a geographic information system (GIS); f. recommended sustainable harvest levels; and g. a review of nontimber issues (e.g., pilot projects and economic incentive programs to promote water protection, carbon storage, or biological diversity conservation).	MF	g: 6a, a-g: 6				6
1.1.2	Documentation of annual harvest trends in relation to the sustainable forest management plan.	MF		6			
1.1.3	A forest inventory system and a method to calculate growth.						
1.1.4	Periodic updates of inventory and recalculation of planned harvests.						
1.1.5	Documentation of forest practices (e.g., planting, fertilization, and thinning) consistent with assumptions in harvest plans.						

Objective 2: To ensure long-term forest productivity and conservation of forest resources through prompt reforestation, soil conservation, afforestation and other measures.

Performance Measure/ Indicator		Audit-or	- - - *Indicate Only One* - - -				OFI
			FC	EXR	Maj	Min	
2.1	***Program Participants shall reforest after final harvest, unless delayed for site-specific environmental or forest health considerations, through artificial regeneration within two years or two planting seasons, or by planned natural regeneration methods within five years.***						
2.1.1	Designation of all management units for either natural or artificial regeneration.	MF	G: 6a, 6				
2.1.2	Clear Requirements to judge adequate regeneration and appropriate actions to correct under-stocked areas and achieve desired species composition and stocking rates for both artificial and natural regeneration	MF	G: 6a				
2.1.3	Minimized plantings of exotic tree species and research documentation that exotic tree species, planted operationally, pose minimal risk.	MF		6			
2.1.4	Protection of desirable or planned advanced natural regeneration during harvest.	MF	6				
2.1.5	Artificial reforestation programs that consider potential ecological impacts of a different species or species mix from that which was harvested.						
2.2	***Program Participants shall minimize chemical use required to achieve management objectives while protecting employees, neighbors, the public and the forest environment.***						
2.2.1	Minimized chemical use required to achieve management objectives.						
2.2.2	Use of least toxic and narrowest spectrum pesticide narrowest spectrum and least toxic pesticides necessary to achieve management objective.						
2.2.3	Use of pesticides registered for the intended use and applied in accordance with the label requirements.						
2.2.4	Use of Integrated Pest Management where feasible.	MF		6			
2.2.5	Supervision of forest chemical applications by state-trained or certified applicators.						
2.2.6	Use of best management practices appropriate to the situation; for example: adjoining landowners or nearby residents notified of applications and chemicals used; appropriate multi-lingual signs or oral warnings used; public road access controlled during and after applications; streamside and other needed buffer strips appropriately designated; positive shut-off and minimal drift spray valves used; drift minimized by aerially applying forest chemicals parallel to buffer zones; water quality monitored or other methods used to assure proper …						

Performance Measure/ Indicator		Audit-or	- - - Indicate Only One - - -				OFI
			FC	EXR	Maj	Min	
2.2.6	…equipment use and stream protection of streams, lakes and other waterbodies; chemicals stored at appropriate locations; state reports filed as required; or methods used to ensure protection of federally listed threatened & endangered species						
2.3	***Program Participants shall implement management practices to protect and maintain forest and soil productivity.***						
2.3.1	Use of soils maps where available.						
2.3.2	Process to identify soils vulnerable to compaction and use of appropriate methods to avoid excessive soil disturbance.	MF	G: 6a				
2.3.3	Use of erosion control measures to minimize the loss of soil and site productivity.	MF, RH	6				
2.3.4	Post-harvest conditions conducive to maintaining site productivity (e.g., limited rutting, retained down woody debris, minimized skid trails).	MF	G: 6a				
2.3.5	Retention of vigorous trees during partial harvesting, consistent with silvicultural norms for the area.	MF	G: 6a, 6				
2.3.6	Criteria that address harvesting and site preparation to protect soil productivity.	MF	G: 6a			6	
2.3.7	Minimized road construction to meet management objectives efficiently.	MF, RH	6				
2.4	***Program Participants shall manage so as to protect forests from damaging agents such as environmentally or economically undesirable wildfire, pests and diseases to maintain and improve long-term forest health, productivity and economic viability.***						
2.4.1	Program to protect forests from damaging agents.	MF	G: 6a	6			
2.4.2	Management to promote healthy and productive forest conditions to minimize susceptibility to damaging agents.	MF	G: 6a	6			
2.4.3	Participation in, and support of, fire and pest prevention and control programs.	MF	G: 6a	6			
2.5	***Program Participants that utilize genetically improved planting stock including those derived through biotechnology shall use sound scientific methods and follow all applicable laws and other internationally applicable protocols.***						
2.5.1	Program for appropriate research, testing, evaluation and deployment of genetically improved planting stock including trees derived through biotechnology.						

Objective 3: To protect water quality in streams, lakes and other water bodies.

Performance Measure/ Indicator		Audit-or	- - - Indicate Only One - - -				OFI
			FC	EXR	Maj	Min	
3.1	***Program Participants shall meet or exceed all applicable federal, provincial, state and local water quality laws and meet or exceed Best Management Practices developed under Environmental Protection Agency (EPA)-approved state water quality programs other applicable federal, provincial, state or local programs.***						
3.1.1	Program to implement state or provincial equivalent BMPs during all phases of management activities.	MF				6	
3.1.2	Contract provisions that specify BMP compliance.	MF	G: 6a				
3.1.3	Plans that address wet weather events (e.g., inventory systems, wet weather tracts, defining acceptable operational conditions, etc.).	MF, RH	6				
3.1.4	Monitoring of overall BMP implementation.	MF	G: 6a	6			
3.2	***Program Participant shall have or develop, implement, and document, riparian protection measures based on soil type, terrain, vegetation and other applicable factors.***						
3.2.1	Program addressing management and protection of streams, lakes and other water bodies and riparian zones.	MF	6				
3.2.2	Mapping of streams, lakes and other water bodies and riparian zones, and where appropriate, identification on the ground.	MF	6				
3.2.3	Implementation of plans to manage or protect streams, lakes and other water bodies.	MF	6				
3.2.4	Identification and protection of nonforested wetlands, including bogs, fens, vernal pools and marshes of significant size.	MF	6				
3.2.5	Where regulations or BMPs do not currently exist to protect riparian areas, use of experts to identify appropriate protection measures.	NA					

Objective 4: Manage the quality and distribution of wildlife habitats and contribute to the conservation of biological diversity by developing and implementing stand- and landscape-level measures that promote habitat diversity and the conservation of forest plants and animals including aquatic fauna.

Performance Measure/ Indicator		Audit-or	*- - - Indicate Only One - - -*				OFI
			FC	EXR	Maj	Min	
4.1	***Program participants shall have programs to promote biological diversity at stand- and landscape- scales.***						
4.1.1	Program to promote the conservation of native biological diversity, including species, wildlife habitats, and ecological or natural community types, at stand and landscape levels.	MF	G: 6a, 6				
4.1.2	Program to protect threatened and endangered species.	MF	G: 6a	6			
4.1.3	Plans to locate and protect known sites associated with viable occurrences of critically imperiled and imperiled species and communities. Plans for protection may be developed independently or collaboratively and may include Program Participant management, cooperation with other stakeholders, or use of easements, conservation land sales, exchanges, or other conservation strategies			6			
4.1.4	Development and implementation of criteria, as guided by regionally appropriate science, for retention of stand-level wildlife habitat elements (e.g., snags, mast trees, down woody debris, den trees, nest trees).	MF	G: 6a				6
4.1.5	Assessment, conducted individually or collaboratively, of forest cover types and habitats at the individual ownership level and, where credible data are available, across the landscape, and incorporation of findings into planning and management activities, where practical and when consistent with management objectives.	MF	G: 6a, 6				
4.1.6	Support of and participation in plans or programs for the conservation of old-growth forests in the region of ownership.	MF, RH	6				
4.1.7	Participation in programs and demonstration of activities as appropriate to limit the introduction, impact, and spread of invasive exotic plants and animals that directly threaten or are likely to threaten native plant and animal communities.						
4.1.8	Program to incorporate the role of prescribed or natural fire where appropriate.	MF, RH	6				
4.2	***Program Participants shall apply knowledge gained through research, science, technology, and field experience to manage wildlife habitat and contribute to the conservation of biological diversity.***						
4.2.1	Collection of information on critically imperiled and imperiled species and communities and other biodiversity-related data through forest inventory processes, mapping, or participation in external programs, such as NatureServe, state or provincial heritage programs, or other credible systems. Such participation may include providing nonproprietary scientific information, time, and assistance by staff, or in-kind or direct financial support.	MF	G: 6a				
4.2.2	A methodology to incorporate research results and field applications of biodiversity and ecosystem research into forest management decisions.	MF	G: 6a, 6				

Objective 5: To manage the visual impact of harvesting and other forest operations.

Performance Measure/ Indicator		Audit-or	- - - Indicate Only One - - -				OFI
			FC	EXR	Maj	Min	
5.1	***Program Participants shall manage the impact of harvesting on visual quality.***	MF	6				
5.1.1	Program to address visual quality management.	MF	6				
5.1.2	Incorporation of aesthetic considerations in harvesting, road, landing design and management, and other management activities where visual impacts are a concern.	MF	6				
5.2	***Program Participants shall manage the size, shape, and placement of clearcut harvests.***						
5.2.1	Average size of clearcut harvest areas does not exceed 120 acres, except when necessary to respond to forest health emergencies or other natural catastrophes.	MF		6			
5.2.2	Documentation through internal records of clearcut size and the process for calculating average size.	MF	6				
5.3	***Program Participants shall adopt a green-up requirement or alternative methods that provide for visual quality.***						
5.3.1	Program implementing the green-up requirement or alternative methods.	MF	6				
5.3.2	Harvest area tracking system to demonstrate compliance with the green-up requirement or alternative methods.	MF	6				
5.3.3	Trees in clearcut harvest areas are at least 3 years old or 5 feet high at the desired level of stocking before adjacent areas are clearcut, or as appropriate to address operational and economic considerations, alternative methods to reach the performance measure are utilized by the Program Participant.	MF	G: 6a, 6				

Objective 6: To manage Program Participant lands that are ecologically, geologically, historically, or culturally important in a manner that recognizes their special qualities.

Performance Measure/ Indicator		Audit-or	- - - Indicate Only One - - -				OFI
			FC	EXR	Maj	Min	
6.1.	***Program Participants shall identify special sites and manage them in a manner appropriate for their unique features.***						
6.1.1	Use of existing natural heritage data and expert advice in identifying or selecting sites for protection because of their ecologically, geologically, historically, or culturally important qualities.	MF	6				
6.1.2	Appropriate mapping, cataloging, and management of identified special sites.	MF	6				

Objective 7: To promote the efficient use of forest resources.

Performance Measure/ Indicator		Audit-or	- - - Indicate Only One - - -				OFI
			FC	EXR	Maj	Min	
7.1	***Program Participants shall employ appropriate forest harvesting technology and "in-woods" manufacturing processes and practices to minimize waste and ensure efficient utilization of harvested trees, where consistent with other SFI Standard objectives.***						
7.1.1	Program or monitoring system to ensure efficient utilization, which may include provisions to ensure a. landings left clean with little waste; b. residues distributed to add organic and nutrient value to future forests; c. training or incentives to encourage loggers to enhance utilization; d. cooperation with mill managers for better utilization of species and low-grade material; e. merchandizing of harvested material to ensure use for its most beneficial purpose; f. development of markets for underutilized species and low-grade wood; g. periodic inspections and reports noting utilization and product separation; or h. exploration of alternative markets (e.g., energy markets).	MF	G: 6a, 6				

Objective 9: To improve forestry research, science, and technology, upon which sound forest management decisions are based.

Performance Measure/ Indicator		Audit-or	- - - *Indicate Only One* - - -				OFI
			FC	EXR	Maj	Min	
9.1	***Program Participants shall individually, through cooperative efforts, or through associations provide in-kind support or funding, in addition to that generated through taxes, for forest research to improve the health, productivity, and management of forest resources.***						
9.1.1	Current financial or in-kind support of research to address questions of relevance in the region of operations. The research will include some or all of the following issues: a. forest health, productivity, and ecosystem functions; b. chemical efficiency, use rate, and integrated pest management; c. water quality; d. wildlife management at stand or landscape levels; e. conservation of biological diversity; and f. effectiveness of BMPs.	MF	6				
9.2	***Program Participants shall individually, through cooperative efforts, or through associations develop or use state, provincial, or regional analyses in support of their sustainable forestry programs.***						
9.2.1	Participation, individually or through cooperative efforts or associations at the state, provincial, or regional level, in the development or use of a. regeneration assessments; b. growth-and-drain assessments; c. BMP implementation and compliance; and d. biodiversity conservation information for family forest owners.						

Objective 10: To improve the practice of sustainable forest management by resource professionals, logging professionals, and contractors through appropriate training and education programs.

Performance Measure/ Indicator		Audit-or	- - - *Indicate Only One* - - -				OFI
			FC	EXR	Maj	Min	
10.1	***Program Participants shall require appropriate training of personnel and contractors so that they are competent to fulfill their responsibilities under the SFI Standard.***						
10.1.1	Written statement of commitment to the SFI Standard communicated throughout the organization, particularly to mill and woodland managers, wood procurement staff, and field foresters.	MF	6				
10.1.2	Assignment and understanding of roles and responsibilities for achieving SFI Standard objectives.	MF		6			
10.1.3	Staff education and training sufficient to their roles and responsibilities.	MF	G: 6a				6
10.1.4	Contractor education and training sufficient to their roles and responsibilities.	MF	G: 6a, 6				
10.2	***Program Participants shall work closely with state logging or forestry associations, or appropriate agencies or others in the forestry community, to foster improvement in the professionalism of wood producers.***						
10.2.1	Participation in or support of SFI Implementation Committees to establish criteria and identify delivery mechanisms for wood producers' training courses that address a. awareness of sustainable forestry principles and the SFI Program; b. BMPs, including streamside management and road construction, maintenance, & retirement; c. regeneration, forest resource conservation, and aesthetics; d. awareness of responsibilities under the U.S. Endangered Species Act, the Canadian Species at Risk Act, and other measures to protect wildlife habitat; e. logging safety; f. U.S. Occupational Safety and Health Administration regulations, wage and hour rules, and other employment laws; g. transportation issues; h. business management; and i. public policy and outreach.	MF	G: 6a, 6				

Objective 11: Commitment to comply with applicable federal, provincial, state, or local laws and regulations.

Performance Measure/ Indicator		Audit-or	*- - - Indicate Only One - - -*				OFI
			FC	EXR	Maj	Min	
11.1	***Program Participants shall take appropriate steps to comply with applicable federal, provincial, state, and local forestry and related environmental laws and regulations.***						
11.1.1	Access to relevant laws and regulations in appropriate locations.	MF	G: 6a				
11.1.2	System to achieve compliance with applicable federal, provincial, state, or local laws and regulations.						
11.1.3	Demonstration of commitment to legal compliance through available regulatory action information.						
11.1.4	Adherence to all applicable federal, state, & provincial regulations and international protocols for research & deployment of trees derived from improved planting stock & biotechnology.						
11.2	***Program Participants shall take appropriate steps to comply with all applicable social laws at the federal, provincial, state, and local levels in the country in which the Program Participant operates.***						
11.2.1	Written policy demonstrating commitment to comply with social laws, such as those covering civil rights, equal employment opportunities, antidiscrimination and anti-harassment measures, workers' compensation, indigenous peoples' rights, workers' and communities' right to know, prevailing wages, workers' right to organize, and occupational health and safety.	MF	6				

Objective 12: To broaden the practice of sustainable forestry by encouraging the public and forestry community to participate in the commitment to sustainable forestry and publicly report progress.

Performance Measure/ Indicator		Audit-or	- - - *Indicate Only One* - - -				OFI
			FC	EXR	Maj	Min	
12.1	***Program Participants shall support and promote efforts by consulting foresters, state and federal agencies, state or local groups, professional societies, and the American Tree Farm System® and other landowner cooperative programs to apply principles of sustainable forest management.***						
12.1.1	Support for efforts of SFI Implementation Committees.	**MF**	G: 6a, 6				
12.1.2	Support for the development and distribution of educational materials, including information packets for use with forest landowners.						
12.1.3	Support for the development and distribution of regional or statewide information materials that provide landowners with practical approaches for addressing biological diversity issues, such as specific wildlife habitat, critically imperiled or imperiled species, and threatened and endangered species.						
12.1.4	Participation in efforts to support or promote conservation of working forests through voluntary market-based incentive programs (e.g., current-use taxation programs, Forest Legacy, or conservation easements).	MF	6				
12.1.5	Program Participants are knowledgeable about credible regional conservation planning and priority-setting efforts that include a broad range of stakeholders. Consider the results of these efforts in planning where practical and consistent with management objectives.						
12.2	***Program Participants shall support and promote, at the state, provincial or other appropriate levels, mechanisms for public outreach, education, and involvement related to forest management.***						
12.2.1	Support for the SFI Implementation Committee program to address outreach, education, and technical assistance (e.g., toll-free numbers, public sector technical assistance programs).	MF	6				
12.2.2	Periodic educational opportunities promoting sustainable forestry, such as a. field tours, seminars, or workshops; b. educational trips; c. self-guided forest management trails; or d. publication of articles, educational pamphlets, or newsletters; or e. support for state, provincial, and local forestry organizations and soil and water conservation districts.						
12.2.3	Recreation opportunities for the public, where consistent with forest management objectives.	MF	G: 6a	6			

Performance Measure/ Indicator		Audit-or	- - - Indicate Only One - - -				OFI
			FC	EXR	Maj	Min	
12.3	***Program Participants with forest management responsibilities on public lands shall participate in the development of public land planning and management processes.***	MF	G: 6a				
12.3.1	Involvement in public land planning and management activities with appropriate governmental entities and the public.	MF, RH	6				
12.3.2	Appropriate contact with local stakeholders over forest management issues through state, provincial, federal, or independent collaboration.	MF, RH	6				
12.4	***Program Participants with forest management responsibilities on public lands shall confer with affected indigenous peoples.***	***MF, RH***	6				
12.4.1	Program that includes communicating with affected indigenous peoples to enable Program Participants to a. understand and respect traditional forest related knowledge; b. identify and protect spiritually, historically, or culturally important sites; and c. address the sustainable use of nontimber forest products of value to indigenous peoples in areas where Program Participants have management responsibilities on public lands.	***MF, RH***	6				
12.5	***Program Participants shall establish, at the state, provincial, or other appropriate levels, procedures to address concerns raised by loggers, consulting foresters, employees, the public, or Program Participants regarding practices that appear inconsistent with the SFI Standard principles and objectives.***						
12.5.1	Support for SFI Implementation Committee efforts (toll-free numbers and other efforts) to address concerns about apparent nonconforming practices.	MF	6				
12.5.2	Process to receive and respond to public inquiries.	MF, RH	6				
12.6	***Program Participants shall report annually to the SFI Program on their compliance with the SFI Standard.***						
12.6.1*	Prompt response to the SFI annual progress report. (*Note: This indicator will be reviewed in all audits.)	MF	6				
12.6.2	Recordkeeping for all the categories of information needed for SFI annual progress reports.						
12.6.3	Maintenance of copies of past reports to document progress and improvements to demonstrate conformance to the SFI Standard	MF	6				

Objective 13: To promote continual improvement in the practice of sustainable forestry and monitor, measure, and report performance in achieving the commitment to sustainable forestry.

Performance Measure/ Indicator		Audit-or	- - - *Indicate Only One* - - -				OFI
			FC	EXR	Maj	Min	
13.1*	***Program Participants shall establish a management review system to examine findings and progress in implementing the SFI Standard, to make appropriate improvements in programs, and to inform their employees of changes.*** (*This Performance Measure will be reviewed in all audits.)	MF	G: 6a				
13.1.1	System to review commitments, programs, and procedures to evaluate effectiveness.	MF	G: 6a, 6				
13.1.2	System for collecting, reviewing, and reporting information to management regarding progress in achieving SFI Standard objectives and performance measures.	MF	G: 6a				6
13.1.3	Annual review of progress by management and determination of changes and improvements necessary to continually improve SFI conformance.	MF	G: 6a, 6				

Requirement	Auditor	October 2006 Audit Notes (not all requirements were audited)
1.1		***"Program Participants shall ensure that long-term harvest levels are sustainable and consistent with appropriate growth and-yield models and written plans."***
1.1.1		"A long-term resource analysis to guide forest management planning at a level appropriate to the size and scale of the operation, including: a periodic or ongoing forest inventory; b. a land classification system; c. soils inventory and maps, where available; d. access to growth-and-yield modeling capabilities; e. up-to-date maps or a geographic information system (GIS); f. recommended sustainable harvest levels; and g. a review of nontimber issues (e.g., pilot projects and economic incentive programs to promote water protection, carbon storage, or biological diversity conservation)." • Closed CAR MF-2005-03: The lead auditor reviewed the process for checking timber sales against Operations Inventory and Compartment Review recommendations that is carried out by FMU Managers, by WL Wildlife Biologists, and by Timber Management Specialists, and reviewed knowledge of Work Instruction 7.1 by field foresters. The October, 2006 Surveillance Audit verified effective implementation of these measures. • Confirmed and reviewed the "Draft 2006 State Forest Management Plan" dated 7.24.06 has gone through public review; will go to the NRC in December for review during their January, 2007 meeting and then to the Michigan DNR Commissioner for final approval. • Plan contents: o Current conditions, uses, trends o Forest History o Statewide Management Direction (DFC, Goals, Objectives, Standards, Guidelines) for: Recreation, Vegetation Management, Watershed Management, Rare Species, Land Ownership, Minerals and Geology, Forest Pest Management, Fire Management, Roads, Law Enforcement, Government and Stakeholder Relations o Special Resource Area Management Direction (Special Sites) o Monitoring • MDNR has a strong process for interdisciplinary planning and assessment, including formal and informal mechanis ms. This portion of the planning process is not well documented or easily available for review. • OFI SFI-2006-02: There is an opportunity to improve documentation of planning including issues and alternative considered, and decisions made.
1.1.2		"Documentation of annual harvest trends in relation to the sustainable forest management plan." • Exceeds the Requirement: Sustainable harvest levels are conservative, and can clearly be sustained
1.1.3		"A forest inventory system and a method to calculate growth." • Note: The indicators for all remaining requirements that were not audited in October 2006 are not listed in this "notes" section of the audit matrix.
2.1		***"Program Participants shall reforest after final harvest, unless delayed for site-specific environmental or forest health considerations, through artificial regeneration within two years or two planting seasons, or by planned natural regeneration methods within five years.***
2.1.1		"Designation of all management units for either natural or artificial regeneration." • OI and planning process provides such designation.
2.1.3		"Minimized plantings of exotic tree species and research documentation that exotic tree species, planted operationally, pose minimal risk." • Exceeds the Requirement: Observations confirmed native species are planted extensively, that no exotics are planted, and that exotic trees and plants are actively removed or their spread is limited. DNR policy discourages the planting of exotic tree species.
2.1.4		"Protection of desirable or planned advanced natural regeneration during harvest." • Confirmed by field observations at all sites visited.

2.2		***"Program Participants shall minimize chemical use required to achieve management objectives while protecting employees, neighbors, the public and the forest environment.***
2.2.4		"Use of Integrated Pest Management where feasible." • Exceeds the Requirement: Michigan DNR programs in forest health and protection are exemplary examples of Integrated Pest Management
2.3		***Program Participants shall implement management practices to protect and maintain forest and soil productivity.***
2.3.3		Use of erosion control measures to minimize the loss of soil and site productivity. • Confirmed by field observations at all sites visited.
2.3.5		Retention of vigorous trees during partial harvesting, consistent with silvicultural norms for the area. • Confirmed by field observations at all sites visited.
2.3.6		Criteria that address harvesting and site preparation to protect soil productivity. • Minor Non-Conformance SFI-2006-01: The criteria for allowable ruts are not clear. • Interviewed foresters and observed conditions on active and completed timber harvests. Rutting and compaction are managed in a variety of ways, including mitigation through planning, inspections of harvests, and occasionally moving to different locations or job shutdowns. • A variety of specifications are possible in logging contracts, from no rutting specification up to 12-inch ruts. Interpretations of how to enforce the specifications vary from forester to forester
2.3.7		Minimized road construction to meet management objectives efficiently. • Reviewed the District 4 Work Plan and supporting documentation for the northern zone (the UP comprises the northern zone, District 4 is the East UP, District 3 is the West UP) • The Law Enforcement Division provided an impressive array of evidence (interviews, presentations, documents) of a significant increase in the efforts to enforce ORV laws, including officer training and extensive use of Resource Damage Report forms, overtime work funded by Recreation Improvement Fund for field enforcement activities (District 3/4 past fiscal year 209/195 hours), District 4 7 group patrols), District 3 29 group patrols, all documented in LED work plan and tracking reports. Similar efforts were reported in District 3. Data indicate the northern zone issued 1915 ORV tickets, of which 1296 were for illegal operation on state lands. • Although the overtime funding and targeted enforcement are making a difference there are concerns about the number of vacant Conservation Officer positions in District 4 (10 filled and 8 vacant positions)
2.4		***Program Participants shall manage so as to protect forests from damaging agents such as environmentally or economically undesirable wildfire, pests and diseases to maintain and improve long-term forest health, productivity and economic viability.***
2.4.1		Program to protect forests from damaging agents. • Confirmed that the exemplary practices of the Michigan DNR described in the certification audit report continue. In this SA we explored management practices for dwarf mistletoe.
2.4.2		Management to promote healthy and productive forest conditions to minimize susceptibility to damaging agents. • Confirmed by field observations.
2.4.3		Participation in, and support of, fire and pest prevention and control programs. • Michigan DNR continues to be a leader in fire programs.

2.5		***Program Participants that utilize genetically improved planting stock including those derived through biotechnology shall use sound scientific methods and follow all applicable laws and other internationally applicable protocols.***
2.5.1		Program for appropriate research, testing, evaluation and deployment of genetically improved planting stock including trees derived through biotechnology. •
3.1		**Program Participants shall meet or exceed all applicable federal, provincial, state and local water quality laws and meet or exceed Best Management Practices developed under Environmental Protection Agency (EPA)-approved state water quality programs other applicable federal, provincial, state or local programs.** • Closed CAR MF-2005-04: Michigan DNR has developed a system of internal checks against BMP requirements, including a comprehensive documentation process involving the systematic use of Resource Damage Reports (RDRs) to register BMP-related issues, and then to budget, plan for, and resolve these. The audit team determined during the October 2006 S.A. that the system is being implemented effectively; the Resource Damage Report system has been fully embraced by staff and is being utilized by managers to plan and prioritize BMP-related issues.
3.1.1		"Program to implement state or provincial equivalent BMPs during all phases of management activities." • A significant number of repairs have been completed, and more are in the works. Additional funding resources have been identified and used to resolve some of the problem areas. For example $382,000 in funding as made available for FY 2006 to address the list of BMP problems. • The number of RDRs related to roads and the estimated cost of repair is increasing faster than funding. • New Minor Non-Conformance SFI-2006-2: There was insufficient evidence of a plan (timeline and resources) to address transportation system BMP issues (see Michigan Water Forest Practices page 25, section 3, Maintenance of Forest Roads).
3.1.3		"Plans that address wet weather events (e.g., inventory systems, wet weather tracts, defining acceptable operational conditions, etc)." • Confirmed by field observations at all sites visited that wet weather provisions are generally effective.
3.1.4		"Monitoring of overall BMP implementation." • Exceeds the Requirement: Resource Damage Report system is exemplary
3.2		***Program Participant shall have or develop, implement, and document, riparian protection measures based on soil type, terrain, vegetation and other applicable factors.***
3.2.1		"Program addressing management and protection of streams, lakes and other water bodies and riparian zones." • Riparian protection programs were confirmed in the 2006 FMUs visited.
3.2.2		"Mapping of streams, lakes and other water bodies and riparian zones, and where appropriate, identification on the ground." • Confirmed by field observations at sites visited in 2006 SA.
3.2.3		"Implementation of plans to manage or protect streams, lakes and other water bodies." • Confirmed by field observations at sites visited in 2006 SA.
3.2.4		"Identification and protection of nonforested wetlands, including bogs, fens, vernal pools and marshes of significant size." • Confirmed by field observations at sites visited in 2006 SA.
3.2.5	N.A.	"Where regulations or BMPs do not currently exist to protect riparian areas, use of experts to identify appropriate protection measures."

4.1		***"Program participants shall have programs to promote biological diversity at stand- and landscape- scales.***
4.1.1		"Program to promote the conservation of native biological diversity, including species, wildlife habitats, and ecological or natural community types, at stand and landscape levels." • See 4.1.3 below • Training summary for the "Introduction to Michigan's Biodiversity" in which average 5 hour training sessions were brought to all 15 FMUs during from February to October, 2006. Emphasis items included overviews for ecology, aquatic ecology, the rare species assessment worksheet, data access, plant and animal species of concern, listed species and conservation areas. • Based on FSC-based Corrective Action Requests, Michigan DNR has clarified the process for public nominations for SCA, HCVA, and ERA conservation areas • Briefing from Wildlife Division's Field Co-Coordinator described in 4.1.5 below included evidence regarding training, planning, and public-private initiatives • Section 5 of both the State Forest Management Plan (draft) and the Ecoregional Plans (under development) covers habitat connectivity and special resource management (SCA) direction • To revisit in 2007: The Wildlife Division is currently in the process of developing a strategic plan that includes the direction that habitat management is equally as important as species management
4.1.2		"Program to protect threatened and endangered species." • Exceeds the Requirement: DNR has a long history of establishing Natural Areas and other sites where habitat is protected for imperiled species and communities, and this track record is continuing. The team received further evidence of the roll-out of the fairly new Biodiversity Conservation Planning process intended to address the appropriate means of protecting samples of representative communities.
4.1.3		"Plans to locate and protect known sites associated with viable occurrences of critically imperiled and imperiled species and communities. Plans for protection may be developed independently or collaboratively and may include Program Participant management, cooperation with other stakeholders, or use of easements, conservation land sales, exchanges, or other conservation strategies." • Exceeds the Requirement: • G1, G2, and G3 natural communities that have an EO Rank of A or B are all protected as Ecological Reference Areas (ERA); almost all communities identified ranked as A or B and thus are being protected at the highest level • G1, G2, and G3 natural communities that have an EO Rank of C are being considered for restoration • Baseline ecological reference areas (Plant Communities) from MNFI database as of July 2005 if it was S or G 1, 2, or 3 and A or B were identified for review; contract is being implemented (MNFI paid by FMFM) • Michigan DNR contracted with MNFI to revisit field sites; 90, or half have been field checked to date; confirmed work plan including statement of need, timeline and budget •
4.1.4		"Development and implementation of criteria, as guided by regionally appropriate science, for retention of stand-level wildlife habitat elements (e.g., snags, mast trees, down woody debris, den trees, nest trees)." • Confirmed recent development and circulation of stand level habitat retention guidelines "Within-Stand Retention Guidance" 10.05.06 • Confirmed by field observations at all sites visited that stand level retention has been implemented for many years, and that the newly published guidelines are a fine-tuning and refinement of existing practices • OFI SFI-2006-02: There is an opportunity to improve stand-level retention policies and implementation in salvage harvests.

4.1.5		"Assessment, conducted individually or collaboratively, of forest cover types and habitats at the individual ownership level and, where credible data are available, across the landscape, and incorporation of findings into planning and management activities, where practical and when consistent with management objectives." • Confirmed ongoing implementation of West Upper Peninsula Mesic Conifer Plan; viewed presentations, interviews with biologists and foresters that many efforts are being made to increase conifer component of stands including retention in partial and final harvests, site preparation (scarification, burning), and under planting. • Based in part on FSC-based Corrective Action Requests, Michigan DNR has clearly documented procedures for assuring co-ordination with other ownerships possessing HCVFs • Based in part on FSC-based Corrective Action Requests, Michigan DNR has clarified the process for public nominations for Special Conservation Areas (SCAs), High Conservation Areas (HCVAs), and Ecological Reference Areas (ERAs) conservation areas • Based in part on FSC-based Corrective Action Requests, Michigan DNR provided presentation and information on Habitat connectivity and biodiversity conservation issues, including focused discussion about related Work Instructions (1.2, 1.3, 1.4, and 1.6, and 3.1) • WI 1.6 is focused on linking compartment and stand decisions to broader FMU landscape issues; key approach is the compartment review process (including the relatively new "pre-inventory review") that comprises the primary multidisciplinary process; important because biologists and ecologists in Wildlife Division and Fisheries Division are well-qualified to assess the role of state forests in the landscape due to their duties with respect to on all land ownerships
4.1.6		"Support of and participation in plans or programs for the conservation of old-growth forests in the region of ownership." • Natural Areas are essentially reference areas, most of which were designated over twenty years ago; some are on other ownerships. Based in part on FSC-based Corrective Action Requests, Michigan DNR provided presentation and information on the Natural Areas Program, which included the "Action Plan for Review of Nominated Natural Areas" approved by the DNR Statewide Council October 3, 2006 This plan covers preparation of guidance documents for standardizing nominations and their information is provided and retained where needed, status of 19 previously nominated sites that were never legally dedicated, and two new sites nominated by the public. o Guidance documents will go on the web site; meanwhile they have been provided to interested parties. Conservation organizations participated in a meeting explaining the process. o By March 31, 2007 the review process will be completed; 15 reviews have been completed. Working towards decisions: accept legislature/accept by department/ or reject. o Meanwhile all sites are managed as if they were natural areas • Based in part on FSC-based Corrective Action Requests, Michigan DNR provided presentation and information on the Biodiversity Conservation Planning Process (BCPP) which evolved from Old-Growth protection efforts of years ago o 2005 Biodiversity report (included a public advisory team); the key recommendation was for the BCPP based on a goal of establishing a network of representative nature communities that contribute to functioning ecosystems o These areas will be called "Biodiversity Stewardship Areas" (BSA) o Three types of teams existed: Statewide Team; Eco-Unit Teams, and Core Design Teams o Confirmed Statewide Team Phase 1 Report and Appendix; soon to be approved o Recently established a new "Statewide Design (Assist) Team to cover some of the tasks previously assigned to the Core Design Teams that are more efficiently covered at the state rather than the eco-regional level. o Linked this process to certification through SCA, HCVA, and ERA-designated lands or areas

		o BSAs will be conserved by management that protects their core features, allowing manipulation including harvesting if needed to restore, maintain, enhance, or protect
4.1.8		"Program to incorporate the role of prescribed or natural fire where appropriate." • Confirmed extensive use of prescribed fire
4.2		***"Program Participants shall apply knowledge gained through research, science, technology, and field experience to manage wildlife habitat and contribute to the conservation of biological diversity.***
4.2.2		"A methodology to incorporate research results and field applications of biodiversity and ecosystem research into forest management decisions." • Staff expertise, Co-Management by Wildlife Division, and involvement of specialists from a range of disciplines comprise this program, which continues to be effective.
5.1		***"Program Participants shall manage the impact of harvesting on visual quality.***
5.1.1, 5.1.2		"Program to address visual quality management." "Incorporation of aesthetic considerations in harvesting, road, landing design and management, and other management activities where visual impacts are a concern." • Visual management programs are in place and generally very effective – forests visited were clearly being managed with visual considerations. • Closed CAR MF-2005-01: Verified the effective implementation of the Timber Pre-sale Checklist during the October, 2006 Surveillance Audit. This form is used to assure that all management intentions as recorded in the inventory system have been provided for in the sale, and includes many visual management issues.
5.2		***"Program Participants shall manage the size, shape, and placement of clearcut harvests.***
5.2.1		"Average size of clearcut harvest areas does not exceed 120 acres, except when necessary to respond to forest health emergencies or other natural catastrophes." • Exceeds the Requirement: • 2005 report: "There are two metrics for clearcut size. From 2001 to 2004, clearcut stands grouped by sale ranged from annual averages of 56 to 64 acres; and clearcut stands not grouped by sale (sometimes the stands are not adjacent) ranged from annual averages of 22 to 26 acres. The higher figure is appropriate for reporting on the annual survey.
5.2.2		"Documentation through internal records of clearcut size and the process for calculating average size." • See above
5.3		***"Program Participants shall adopt a green-up requirement or alternative methods that provide for visual quality.***
5.3.1		"Program implementing the green-up requirement or alternative methods." • Verified the effective implementation of the Timber Pre-sale Checklist which is designed in part to manage this issue.
5.3.2		"Harvest area tracking system to demonstrate compliance with the green-up requirement or alternative methods." • Verified the effective implementation of the Timber Pre-sale Checklist which is designed in part to manage this issue.
5.3.3		"Trees in clearcut harvest areas are at least 3 years old or 5 feet high at the desired level of stocking before adjacent areas are clearcut, or as appropriate to address operational and economic considerations, alternative methods to reach the performance measure are utilized by the Program Participant." • Closed CAR MF-2005-02: Verified the effective implementation of the Timber Pre-sale Checklist which is designed in part to manage this issue.

6.1.		***"Program Participants shall identify special sites and manage them in a manner appropriate for their unique features.***
6.1.1		"Use of existing natural heritage data and expert advice in identifying or selecting sites for protection because of their ecologically, geologically, historically, or culturally important qualities." • Training for field personnel confirmed • Confirmed directions to DNR staff on "How to Determine Locations of Arch. Concerns Using the HAL Information System" HAL is the Department of History, Arts, and Libraries, which maintains the archeological database for areas of concern
6.1.2	MF, RH	"Appropriate mapping, cataloging, and management of identified special sites." • SHIPO updates described by Cara Boucher, Lansing Section Manager • new sites reported on "Archeological and Cultural Site Reporting" form • Michigan DNR proposed to bonding authority "Working Forest for the 21st Century" requested $1.5 million for new survey, funding declined for now •
7.1		***"Program Participants shall employ appropriate forest harvesting technology and "in-woods" manufacturing processes and practices to minimize waste and ensure efficient utilization of harvested trees, where consistent with other SFI Standard objectives.***
7.1.1		"Program or monitoring system to ensure efficient utilization, which may include..." • Confirmed by field observations attention to utilization issues.
9.1		***Program Participants shall individually, through cooperative efforts, or through associations provide in-kind support or funding, in addition to that generated through taxes, for forest research to improve the health, productivity, and management of forest resources.***
9.1.1		Current financial or in-kind support of research to address questions of relevance in the region of operations. The research will include …" • Confirmed that FMFM Unit Managers are asked to track BBD research plots that are part of a study by Michigan State University, and that information on these plots is kept in the files (Shingleton)
9.2		***Program Participants shall individually, through cooperative efforts, or through associations develop or use state, provincial, or regional analyses in support of their sustainable forestry programs.***
10.1		***"Program Participants shall require appropriate training of personnel and contractors so that they are competent to fulfill their responsibilities under the SFI Standard.***
10.1.1		"Written statement of commitment to the SFI Standard communicated throughout the organization, particularly to mill and woodland managers, wood procurement staff, and field foresters." • Michigan DNR staff at all levels were very aware of the SFI Standard.
10.1.2		"Assignment and understanding of roles and responsibilities for achieving SFI Standard objectives." • Exceeds the Requirement: Michigan DNR has a large Forest Certification Action Team and a full-time Forest Certification Specialist. All SFI Indicators and Performance Measures were cross-checked by the MDNR against their current programs, and then a new system of "Work Instructions" was instituted. There is an active working group drawn from across the Michigan DNR with assignments for all SFI Performance Measures and Indicators. All of the SFI Performance Measures and Indicators are contained in a series of Forest Certification Work Instructions

10.1.3		"Staff education and training sufficient to their roles and responsibilities." • Reviewed MNFI Ecosystem and Forestland Training Contract • Staff experience, education, and most training (including recent ecological-related training) is consistently superb. • OFI SFI-2006-01: The state forest management program, including plans, policies, procedures and guidelines, is rapidly evolving and improving. Given this, there is an opportunity to further improve training for staff, including record-keeping and linkages to the evolving compendium of management direction.
10.1.4		"Contractor education and training sufficient to their roles and responsibilities." • Contractors interviewed have SFI logger training.
10.2		***"Program Participants shall work closely with state logging or forestry associations, or appropriate agencies or others in the forestry community, to foster improvement in the professionalism of wood producers.***
10.2.1 (also 12.1.1, 12.2.1, and 12.5.1)		"Participation in or support of SFI Implementation Committees to establish criteria and identify delivery mechanisms for wood producers' training courses…" • Confirmed by contacting Michigan SIC that "DNR has had a designated representative (Dennis Nezich) on the Michigan SIC, and he has attended the last 2 meetings (November 2005 and May 2006), and plans to attend the fall 2006 meeting.
11.1		***"Program Participants shall take appropriate steps to comply with applicable federal, provincial, state, and local forestry and related environmental laws and regulations.***
11.2		***" Program Participants shall take appropriate steps to comply with all applicable social laws at the federal, provincial, state, and local levels in the country in which the Program Participant operates.***
11.2.1		"Written policy demonstrating commitment to comply with social laws, such as those covering civil rights, equal employment opportunities, antidiscrimination and anti-harassment measures, workers' compensation, indigenous peoples' rights, workers' and communities' right to know, prevailing wages, workers' right to organize, and occupational health and safety." • Policies are posted in workplaces and available on the web • Staff are aware of policies.
12.1		***"Program Participants shall support and promote efforts by consulting foresters, state and federal agencies, state or local groups, professional societies, and the American Tree Farm System® and other landowner cooperative programs to apply principles of sustainable forest management.***
12.1.1		"Support for efforts of SFI Implementation Committees." • Confirmed by contacting Michigan SIC that "DNR has had a designated representative (Dennis Nezich) on the Michigan SIC, and he has attended the last 2 meetings (November 2005 and May 2006), and plans to attend the fall 2006 meeting.
12.1.4		"Participation in efforts to support or promote conservation of working forests through voluntary market-based incentive programs (e.g., current-use taxation programs, Forest "Legacy, or conservation easements)." • The land acquisition programs led by the Wildlife Division targets parcels that provide key connectivity • Land Consolidation Project (in Phase II) that adjusted dedicated boundaries, trading, blocking in can also help direct targeted habitat protection
12.1.5		"Program Participants are knowledgeable about credible regional conservation planning and priority-setting efforts that include a broad range of stakeholders. Consider the results of these efforts in planning where practical and consistent with management objectives." •

12.2		***"Program Participants shall support and promote, at the state, provincial or other appropriate levels, mechanisms for public outreach, education, and involvement related to forest management.***
12.2.1		"Support for the SFI Implementation Committee program to address outreach, education, and technical assistance (e.g., toll-free numbers, public sector technical assistance programs)." • Confirmed by contacting Michigan SIC that "DNR has had a designated representative (Dennis Nezich) on the Michigan SIC, and he has attended the last 2 meetings (November 2005 and May 2006), and plans to attend the fall 2006 meeting.
12.2.3		"Recreation opportunities for the public, where consistent with forest management objectives." • Exceeds the Requirement: Public recreation opportunities are high-quality, diverse, and widely available. • Closed CAR MF-2005-05: During the 2004 and 2005 audits, some illegal ORV use was causing damage compromising environmental protections. The auditors confirmed increased attention to these issues, including additional funding for repairs and for the overall trails program. The Law Enforcement Division's conservation officers are devoting considerable time and attention to ORV education and enforcement, with support from local law enforcement and judiciary increasing. Further, the extensive use of the Resource Damage Reporting system is helping managers and LED officers to quickly identify and target problem areas.
12.3		***"Program Participants with forest management responsibilities on public lands shall participate in the development of public land planning and management processes.***
12.3.1		"Involvement in public land planning and management activities with appropriate governmental entities and the public." • Confirmed extensive and complex processes • Confirmed in part by participating in the Gwinn FMU Annual Open House, which was very well organized and staffed. Members of the public who attended could obtain maps and written and/or verbal descriptions of all proposed treatments. • Public communications regarding the various categories of protected areas are not always clear, although this is being addressed at the FMU level in some cases.
12.3.2		"Appropriate contact with local stakeholders over forest management issues through state, provincial, federal, or independent collaboration." • Confirmed in part by participating in the Gwinn FMU Annual Open House, which was very well organized and staffed. Members of the public who attended could obtain maps and written and/or verbal descriptions of all proposed treatments.
12.4	***MF, RH***	***"Program Participants with forest management responsibilities on public lands shall confer with affected indigenous peoples.***
12.4.1	***MF, RH***	"Program that includes communicating with affected indigenous peoples to enable Program Participants to a. understand and respect traditional forest related knowledge; b. identify and protect spiritually, historically, or culturally important sites; and c. address the sustainable use of nontimber forest products of value to indigenous peoples in areas where Program Participants have management responsibilities on public lands." • Presentation and interview with Jim Ekdahl, UP Deputy Director, Tribal Coordinator confirmed close, continuing, and high level attention to tribal consultation, including ongoing efforts to clarify and codify tribal treaty rights on state lands • Mechanisms exist, and are being continuously assessed and periodically revised, to facilitate consultation between tribes and local offices of the Michigan DNR
12.5		***"Program Participants shall establish, at the state, provincial, or other appropriate levels, procedures to address concerns raised by loggers, consulting foresters, employees, the public, or Program Participants regarding practices that appear inconsistent with the SFI Standard principles and objectives.***
12.5.1		"Support for SFI Implementation Committee efforts (toll-free numbers and other efforts) to address concerns about apparent nonconforming practices." • Confirmed by contacting Michigan SIC that "DNR has had a designated representative (Dennis Nezich) on the Michigan SIC, and he has attended the last 2 meetings (November 2005 and May 2006), and plans to attend the fall 2006 meeting.

12.5.2		"Process to receive and respond to public inquiries." • Confirmed in part by participating in the Gwinn FMU Annual Open House, which was very well organized and staffed. Members of the public who attended could obtain maps and written and/or verbal descriptions of all proposed treatments.
12.6		***"Program Participants shall report annually to the SFI Program on their compliance with the SFI Standard.***
12.6.1*		"Prompt response to the SFI annual progress report." (*Note: This indicator will be reviewed in all audits.) • Confirmed with SFI, Inc.
12.6.3		"Maintenance of copies of past reports to document progress and improvements to demonstrate conformance to the SFI Standard." • Confirmed past reports maintained.
13.1*		***"Program Participants shall establish a management review system to examine findings and progress in implementing the SFI Standard, to make appropriate improvements in programs, and to inform their employees of changes.***
13.1.1		"System to review commitments, programs, and procedures to evaluate effectiveness." • Reviewed "Summary of Work Instruction Revisions" and revised work instructions, both approved by the Statewide Council (senior DNR management across all divisions) • Reviewed intemal audit reports.
13.1.2		"System for collecting, reviewing, and reporting information to management regarding progress in achieving SFI Standard objectives and performance measures." • Michigan DNR has developed and implemented a comprehensive internal audit program that is effectively helping to strengthen all programs, including SFI conformance. • OFI SFI-2006-03 There is an opportunity to improve the internal audit process, particularly documenting observations on specific sites.
13.1.3		"Annual review of progress by management and determination of changes and improvements necessary to continually improve SFI conformance." • Read report "DRAFT Management Review Summary 01-06-06 (submitted 2-16-06)" that documents the completed statewide management review done by DNR. This review covers all SFI and FSC CARs and OFIs and documents progress on closing or resolving these. • Confirmed by review of documentation and through interviews with senior management the ongoing senior management commitment to maintain SFI and FSC certification, and to use certification-related processes (RDRs, internal audits) to drive continuous improvement.

Itinerary of Field Stops
Michigan DNR Annual Surveillance Audit
October 24-27, 2006

Tuesday, October 24 - Crystal Falls FMU

Hrubes/Griffin Group

Stop 1: Lat. 45.51.945 N, Long. 87.54.678 W

Far and Away Timber—79 acres

- Trespass/timber theft problem with contractor
- Timber sale administration and law enforcement

Stop 2: Lat. 45.52.385 N, Long. 87.51.207 W

ORV Management

- ORV designated trail
- Maintained by local club
- FFO responsible for maintenance and mgt. oversight

Stop 3: Lat. 45.52.206 N, Long. 87.51.930 W

Patchy ---Thin (Timber Sale)

- Went unsold
- Numerous environmental restrictions
- Poor markets
- Will be re-advertised

Stop 4: Lat. 45.55.072 N, Long. 87.50.996 W

Garmin Aspen—Timber Sale

- Discussion of aspen silviculture; retention requirements (all pine oak, cherry)
- FSC plantation forestry? No
- FSC lead auditor concurs this is not plantation forestry; best described as semi-natural forest management
- Purchaser: Minerick Logging, Sub-Contractor: Polar Logging

Ferrucci Group

1. Chamber Pot Sale 12-082-04-01: Nearly completed active harvest (no logger on site) marked hardwood selection harvest; limited small gaps

2. Animal Planet Sale 12-066-05-01: Mature aspen planned harvest with significant conifer reserves; protection measures for hawk's nest

3. Spot Lake Road: part of state road system, access to Animal Planet Sale above, observed effects of inadequate drainage; Resource Damage Report filled out by Fire Supervisor assigned moderate to high priority; comments field: "Road needs to be upgraded. Ditches cleaned. Road graded/crowned. Gravel hauled to fill waterholes. Cross drainage culverts installed"

4. Sundown Aspen Salvage Sale 12-069-05-01: 110 acre harvest area, portion of large complex of salvage sales, clearcut with limited retention, some small conifers left as reserves; logger interview with employee of Minerick logging

5. Private temporary bridge on state land to access Bates Lake area for salvage of private and state timber from 2004 blowdown; bridge meets BMPs, although has open decking

6. Bates Lake Salvage Sale 12-057-06-01: area and road obliteration: to respect past informal designation of Bates Lake as a special area (proposal never formalized) the roads will be removed at end of harvest; salvage areas had minimal to excellent retention (some areas partial cuts); large portion of blowdown was not entered for access and protection reasons

7. Mitchigan Creek Bridge: closed decking put over open bridge 2 weeks ago in response to internal audit; this site had a Resource Damage Report.

8. Smith Creek Bridge Project: this high quality tributary to the Fence River has a plan in place and funding secured for removal of existing culverts and installation of a bridge; some of the funding was previously arranged but most is from reallocated funds pool to deal with road-related BMP issues. Resource Damage Report.

9. Fence River Bridge: closed decking put over open bridge 2 weeks ago in response to internal audit; this site had a Resource Damage Report. The Fence River is considered degraded by Fisheries Division.

10. Various salvage sites (drive by observations) with good results; varying amounts of removal/retention.

11. Nolan Creek Culvert: squash pipe style culvert sized for 100 year flood; well-designed and maintained crossing, meets BMPs and is not a barrier to fish passage

12. McDuff Sale Compartment 127, White Pine Underplant: hardwood stand with white pine underplanting and some natural white pine seedlings, observed deer damage (nipped terminal off) 10% of seedlings;

13. Planned Prescribed Burn in mature White Pine to remove duff layer, kill hardwood understory and prepare site for natural white pine regeneration; waiting for proper burn conditions

Wednesday, October 26 – No field sites were visited; office review only

Thursday, October 26 - Shingleton FMU

Hrubes/Griffin Group

Stop 1: Lat. 46.20.872 N, Long. 86.03.434 W

Compartment 118—Restoration of meadow/opening complex (ex-Bullock Property)

- Non-commercial removal of invasive trees—using prison crews; labor costs are increasing
- Also commercial harvests of aspen stands; retention policy doesn't apply due to meadow/opening restoration objectives
- Discussion of environmental assessments supporting site-disturbing activities

Stop 2: Lat. 46.20.800 N, Long. 86.13.470 W

Ducey Spruce/Aspen Timber Sale

- Harvested 12 years ago; now typed A3 (Aspen, well stocked pole sized timber)
- Retention of red and white pine, even 12 years ago (so retention is not a new concept for DNR)

Stop 3: Lat. 46.25.510 N, Long. 86.26.937 W

Compartment 179—High Bend Hardwood Sale

- Partial harvest operation using mechanized logging equipment
- Logger—Joe Bosanic Forest Products
    - SFI certified
    - No spill kit on site
    - Interviewed 2 employees: Don Richardson, Rudy Nadeau
- Issue of extensive rutting—led to a discussion of the DNR's rutting policy
- The rutting policy speaks only to maximum allowed depth of ruts (12 inches) rather than also incorporating maximum allowed length of ruts—this is incomplete

- Also spoke with a log buyer from Weyco—Ron Hansen; they purchase only from SFI certified loggers

Stop 4: Lat. 46.28.798 N, Long. 86.26.168 W
Compartment 173—North Hardwood Sale (selection harvest)

- Sale was marked by contract marking crew (Upper Michigan Land Mgt.)
  - Marking guided by The Compleate Marker
  - All contract markers must be certified by DNR
  - The new retention guidelines will be included in next spring's marker training class
- 100% cruise of all marked saw logs
- Logger: Leckson and Sons
  - Interviewed TIMCO operator, John Lockhart (2 yrs. w/ Leckson)
  - There was a spill kit in the cab

Ferrucci Group

Stop 5: Holland Ditch Aspen Sale 41-005-06-01, Compartment 188
Includes related Forest Treatment Proposal for Jack Pine removal. Confirmed paper linkages from Operations Inventory through presale process to logging contract for sale and confirmed connection from Operations Inventory to FTP specifications.

Stop 6: MPC Hardwoods Timbersale, Unit 7, Stand 24
Hardwood marked by contractor and then harvest supervised by MDNR. Revisit of site visited in 2004 Scoping. Reduced basal area from 140 to 80 square feet per acre, with focus on release of crop trees and 30-foot diameter openings. Observed limited residual stand damage, good silviculture. Reviewed knowledge of staff on hardwood management, which was good.

Stop 7: Star Creek Bridge, Star Siding Road
When this site was visited in 2004 it had an open-deck bridge. It has been re-decked to close the gaps, minimizing opportunities for gravel to get into stream. RDR process was used to record the need, catalog this site, and manage its correction.

Stop 8: Star Creek Road Rock Weir Site:
As part of Petrel corner hardwood sale DNR required logger to install a rocked high-water crossing. The road was excavated, filter fabric installed, and then gravel put over the top. The crossing meets BMP guidelines and is a practical solution to the problems caused by beavers and a low-lying landscape. This section of road should serve all forest users well for many decades.

Stop 9: Petrel Corner Hardwoods Sale 41-031-05-01, Compartment 183
Reviewed paperwork, did not visit site. Discussed ORV issues. Reviewed knowledge of staff on hardwood management, which was good.

Stop 10: Compartment 174
This compartment is part of a large, intact block of northern hardwoods (at the landscape scale) that have had TSI in the 1970's and selection harvesting starting in the 1980s. Reviewed the harvest area and confirmed that silvicultural guidelines were followed and are likely to maintain stand diversity.

Friday, October 27 - Escanaba FMU

Hrubes/Griffin Group

Stop 1: Lat. 45.31.415 N, Long. 87.23.692 W

Olsen Bridge—ORV illegal use control

- Illegal access to the river below the bridge was controlled through rip-rapping the embankment
- Most illegal ORV use is related to deer hunting
- User-created trails are not automatically "designated" so follow-up use on such trails is illegal; very few user-created trails end up being designated by DNR
- This FMU has an ORV tech and is also supported by a District recreation specialist

Stop 2: Lat. 45.30.156 N, Long. 87.23.926 W

A) Cedar River Campground

- No reservation system on the state forests
- This is the only campground in the FMU; 2 other campgrounds were previously closed due to environmental considerations
- Use level—approximately 600 camp days per year
- Campground is maintained by a FFO

B) Aspen Management—planned timber sale

- Stand was previously entered 12 years ago
- If transition to mesic conifer dominated stand is the long term objective, this short term harvest is counterproductive; but the harvest represents a balancing of multiple objectives, including providing fiber supply to regional mills

Stop 3: Lat. 45.28.382 N, Long. 87.22.859 W

Non-planned stop—illegal ORV use area

- This site had not yet been logged as a "RDR"
- The road specialist did enter a RDR as a result of this stop
- This stop highlights the fact that there is some ambiguity as to the definition of a "forest road"

Ferrucci Group

Stop 4: Lat. 45 deg 36' 52" N, Long. 87 deg 40' 51" W (from map)

DeTemple Road Project is an extensive rebuild to bring the existing road back into compliance with BMP standards. This project has resulted in an excellent road with proper drainage including crown, ditches, cross drains, and running surface. Field staff do not use RDR reports for routine maintenance, but when there is doubt they are using the form. Although road maintenance funding is increasing over recent past, there has been a long time period of deferring maintenance. They have about 100 miles of primary roads, on which 70% of the RDRs have been entered into the system. There are hundreds of miles of secondary roads on which the RDR process is just starting as they move through compartment review.

Stop 5: Demene Creek Portable Bridge, Compartment 7/8

In mid-March of 2005 the Fire Supervisor (responsible also for roads and recreation) noted that bridge was rotting; by June 2005 had installed a portable bridge, with plans for a permanent solution in place; permits were obtained from MDEQ

Stop 6: Trolls Beginning Timber Sale 33-33-05-01, Compartment 8

Planned, not cut shelterwood harvest and natural regeneration treatments in Stands 3, 4, and 15 that are designed to increase white pine and oak as part of an overall plan to allow some of the aspen to convert to pine and oak (currently 50% of this compartment is coded as aspen). Follow-up treatments with prescribed

fire are suggested in OI comments. Careful review of compartment plan and sale documents confirmed the planning described in policies and guidelines is done. Compartment plan includes a review and incorporation of historic features (old Wisconsin-Michigan Railroad Grade) fisheries (a trout stream and another creek, both protected with SCA designations), description of the ecological context, habitat goals including some early seral/brush/aspen management and some areas to move towards later successional stages (pine), and considerations for minerals, roads, survey needs (none), recreation and fire protection. Documentation issues identified in the full evaluation are generally resolved.

Auditor also examined an adjacent stand that received a shelterwood harvest some years ago. There are many pine and oak seedlings. Also confirmed that adjacent areas identified on the compartment map as stand code 8 (SCA) contain forest types that would be of special interest (larger, older trees along creeks) and are not being entered pending full evaluation.